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General

Zhao Gives TV Speech To Davos Economic Forum

Stresses 'Open' Policy

OW 021042 Beijing XINHUA in English 1030 GMT 2 Feb 88

[Text] Beijing, February 2 (XINHUA)—China's open policy is oriented toward the whole world, including both the developed and developing countries, Chinese Communist Party leader Zhao Ziyang said here today.

In a televised speech transmitted through satellite at the Davos meeting of the World Economic Forum, Zhao Ziyang, general secretary of the CPC Central Committee, said the above-mentioned principle is applicable not only to Japan but also to other Asian countries and regions, not only to Western Europe but also to Eastern Europe and the Soviet Union, not only to the United States but also to the whole of North America and Latin America, and similarly, to Africa and Oceania.

Asked whether China is planning to establish a better balance in its economic cooperation with Japan, Europe and the United States, Zhao said, "We treat Europe, the United States and Japan equally. They are all our major trading partners."

"The most competitive partners are the most attractive," he said.

He said competitiveness is determined by a combination of factors, such as the amount, period and interest rate of investment, the quality, price and delivery time of goods, terms of technology transfer and technical services, and quotas and tariffs on imports from China, whose paying ability cannot but be conditioned by its export volume.

Whoever wins in competition will find more Chinese business coming his way, Zhao stressed.

Welcomes U.S.-Soviet Ties

OW 021050 Beijing XINHUA in English 1033 GMT 2 Feb 88

[Text] Beijing, February 2 (XINHUA)—It is a welcome sign that U.S.-Soviet relations have recently eased to a certain degree, particularly as against the background of their sustained sharp confrontation over the years, Chinese leader Zhao Ziyang said here today.

At the same time, Zhao viewed this as a very limited step, since the arms race is far from being halted and none of the "hot spots" has been removed.

Zhao, general secretary of the Chinese Communist Party Central Committee, made the remarks in his televised speech at Davos meeting of the World Economic Forum.

Therefore, it will take a long and difficult process before genuine relaxation of tension can be achieved and, the possibility of twists and turns in the process cannot be ruled out, he said, adding that the recent trend towards relaxation is the result of the endeavors made by all the peace-loving countries and people in the world.

"In the final analysis, for the situation to develop further in the right direction, all of us need to keep working hard," Zhao said.

The Chinese leader said, "China's fundamental stand on international affairs is one of persistent efforts for the maintenance of world peace."

"We welcome all measures taken by the United States and the Soviet Union that are conducive to relaxation of tension. In bilateral relations, China follows the five principles of peaceful coexistence," he said. Any measure adopted by the United States or the Soviet Union in conformity with these principles will be good for the development of Sino-U.S. or Sino-Soviet relations, he added.

On the whole, he said, in recent years Sino-U.S. relations have developed steadily and Sino-Soviet relations have also improved gradually. However, "I have no wish of denying that problems still crop up from time to time in Sino-U.S. relations and that obstacles in Sino-Soviet relations remain to this day," he said, adding that the responsibility for all this does not lie with China.

He hoped that the U.S. Government will strictly abide by the three joint communiques with the Chinese Government and that the Soviet Union will make due efforts towards removing the obstacles.

"Peace and sovereignty are extremely important. If every country works for peace and respects each other's sovereignty, things in this world will be easy to handle," the Chinese leader said.

'Closer' Japan-U.S. Military Cooperation

OW 011104 Beijing XINHUA Domestic Service in Chinese 1127 GMT 24 Jan 88

[Summary by reporter: 4th Wenxun: "New Progress in Japan-U.S. Military Cooperation"]

[Text] Beijing, 24 Jan (XINHUA)—While it is hard for Japan and the United States to eliminate economic friction between them, their military cooperation is becoming closer and closer. The results of the Japanese Defense Agency Director General Kawara's visit to the United States show that the two countries have made new progress in promoting "military integration" [jun shi yi ti hua 6511 0057 0001 7555 C553].

During talks in Washington on 19 January, Kawara and U.S. Defense Secretary Carlucci reached an agreement on "joint study of the U.S. military reinforcement system" and "promoting joint development of military technology."

It is reported that the study of the U.S. military reinforcement system is for the purpose of resolving how U.S. forces could smoothly provide support in the event of war breaking out in Japan. It is generally believed that the study concerns two questions. One is how to gather civilian aircraft and ships to transport U.S. troops and their equipment in time of war. The other is how to move heavy U.S. Armed Forces equipment, such as tanks and artillery, to Japan prior to the war. The joint development of military technology calls for "promoting Japanese-U.S. joint development of other equipment following joint development of the new generation fighter aircraft for Japan's Self Defense Forces." Japanese newspapers have pointed out that the agreement reached between Kawara and Carlucci is "clearly intended to promote Japanese-U.S. combined operations," and thus "means that the Japanese U.S. defense system has undergone a qualitative change."

Such an agreement has been reached between the military authorities of Japan and the United States because both sides have their needs. It is reported that the contents of the agreement were initiated by Japan. The Japanese Defense Agency holds that to move the heavy equipment of U.S. forces to Japan beforehand is "very appropriate to Japan's defense." According to an analysis, since Japan's defense budget exceeded the ceiling of 1 percent of GNP, the Japanese Defense Agency has wanted to strengthen Japan's defense system to an "unshakable" extent. In order to contend with the Soviet Union and reduce military spending, the United States wants to obtain high technology and funds from Japan and let Japan share the defense responsibility. Therefore, the United States agreed to Japan's suggestion.

Kawara and Carlucci reached the agreement while Japan-U.S. military relations are becoming closer and closer. It is reported that Hays, commander-in-chief of the U.S. Pacific Command, said while Kawara was visiting Hawaii: "The U.S.-Japanese economic imbalance is upsetting, but the two countries are very harmonious in defense matters." In the eyes of the United States, the situation is mainly the result of "real efforts" made by Japan in defense, since the Nakasone Cabinet, Japan's defense spending has increased by more than 5 percent annually. Japan's defense budget rose 5.2 percent in 1988 while the U.S. military budget decreased by 3.5 percent compared to 1977. The United States is satisfied with these efforts by Japan. So, Carlucci said of his talks with Kawara: "We should let those departments who are at odds with each other learn from and emulate the defense authorities." Japanese newspapers say that while economic friction exists between Japan and the United States, the defense authorities of the two countries are having a "honeymoon."

The Japanese media are worried about the "special relations" popping up between the military authorities of Japan and the United States. They hold that the trend of promoting "military integration" between Japan and the United States is becoming more and more obvious, and that not only the Self Defense Forces but also the Japanese people are likely to get involved in a wartime system. Japanese industrialists are worried that Japanese and U.S. military authorities will intensify economic control under the pretext of "Japanese-U.S. military cooperation." Japan's opposition parties and people, as well as farsighted American statesmen, are opposed to the rapid increase in Japan's defense spending. Former U.S. Secretary of State Kissinger warned Japan not long ago: "If Japan's defense budget keeps increasing at the current rate, there is a danger that it will exceed 2 percent of GNP."

United States & Canada

U.S. Trade Representative Arrives 1 Feb

OW010858 Beijing XINHUA in English 0848 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—U.S. Trade Representative Clayton K. Yeutter flew in here this afternoon for an official and friendly visit to China as guest of Minister Zheng Tuobin of foreign economic relations and trade.

Greeting him at the airport were Shen Jueren, Chinese assistant minister of foreign economic relations and trade, and Winston Lord, U.S. ambassador to China.

A ministry official Liu Zepu told XINHUA that during his stay in Beijing Yeutter will exchange views with Zheng on furthering bilateral economic relations and trade, acquaint himself with the general goal of the ongoing reform of China's economic set up.

Yeutter and Zheng will also sign the third textile agreement between the two countries.

Yeutter, an important cabinet [as received] member of the Reagan administration, is in charge of trade policy affairs and foreign negotiations.

This is his second visit to China. He visited Shanghai in 1977.

Textile Trade Accord Signed

OW020902 Beijing XINHUA in English 0855 GMT
2 Feb 88

[Text] Beijing, February 2 (XINHUA)—An agreement on textile trade between China and the United States, the third of its kind, was signed in Beijing today.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and U.S. Trade Representative Clayton K. Yeutter signed the document on behalf of their respective governments.

Another two grant agreements between the Shanghai Municipal People's Government and the U.S. based International Development Cooperation Agency were also signed.

These agreements state the U.S. Trade and Development Program agrees to provide financial assistance to the Shanghai Mos Reagent factory construction project and the Shanghai medical electronic instrument factory expansion project.

Officials Hold Talks

OW 020922 Beijing XINHUA in English 0910 GMT
2 Feb 88

[Text] Beijing, February 2 (XINHUA)—Senior Chinese trade official Zheng Tuobin said here today that it is China's long-standing policy to continuously expand trade and economic relations with the United States.

Speaking during official talks with U.S. Trade Representative Clayton K. Yeutter this morning, Zheng said he is satisfied with the development of trade and economic relations between the two countries in recent years. He called for more efforts from both sides to solve the problems that have existed "on the road of advancement."

Zheng, minister of foreign economic relations and trade, said that the U.S. has become China's third largest trade partner and has made "definite progress" in its investment in China. He welcomed more U.S. entrepreneurs to invest in China and hoped the two countries would sign an investment protection agreement in the near future.

Noting that China is a developing country, the Chinese minister said it is very important for the country to import foreign advanced technologies. "We are willing to increase imports from the United States, particularly high-tech products," he said.

He urged the United States to make more efforts to open up technology transfer trade with China and to change "some irrational practices as soon as possible."

Yeutter said that the rapid development of U.S.-China economic relations has demonstrated that China's economic strength is on the increase. He said he is glad to see that Chinese coastal areas have opened wider to the outside world and increased their exports to other countries.

He said he hoped China will further improve its investment climate and continue to make efforts to safeguard intellectual property rights.

The U.S. trade representative arrived here yesterday afternoon. He is expected to meet Chinese acting Premier Li Peng tomorrow.

Commentary on Reagan's Contra Aid Request

HK 00814 Beijing RENMIN RIBAO in Chinese
29 Jan 88 p 6

[Commentary by correspondent Zhang Yunwen (1728 0336 2429): "A Key Vote"]

[Text] Washington, 27 Jan—President Reagan today formally requested Congress to provide aid for the Nicaraguan contras. The total sum is \$36 million, 90 percent of which is for non-military aid; the 10 percent allocated for military aid will not be released for the time being, and its release will be determined by viewing Nicaragua's democratization progress in March. Reagan said that he will then personally consult with four Central American presidents and judge accordingly.

Although the aid amount has been reduced again it represents a major diplomatic move by the Reagan administration, and has attracted concern from various sectors.

Congressmen opposed to this policy hold that this White House move is "a trick to deceive people." House Speaker Wright accused the White House of "pointing the gun at the Central American peace plan" by this move. Some people have even stated that if the vote goes the White House's way, it will be a vote for a policy of "a big stick followed by a big stick" which will encourage a continuation of the fighting and will finally kill the Central American peace plan.

To counter Soviet influence and change the nature of the Nicaraguan Government, the United States has been supporting the contras in their civil war against the Nicaraguan Army for 6 years. This policy has been consistently opposed by the countries of Latin America, America's Western European allies, and the U.S. Congress and public. In particular, this policy is even more out of favor now and is being resolutely resisted. There are many reasons for this.

—Congress passed a law in 1984 prohibiting the administration from supplying military aid to the contras. Senior White House officials and the CIA concealed the truth from Congress when they illegally used the profits from arms sales to Iran to continue aiding the contras. After this so-called "Irangate" incident came to light, it strengthened even more congressmen's stand against this policy.

—At a meeting held on 7 August last year at the suggestion of Costa Rican President Arias, the presidents of five Central American countries signed a peace agreement for ending the turmoil in the region. Major progress has been made in the past 6 months. The Nicaraguan Government has taken a series of major

steps to implement this agreement. In particular, on 16 January it made a breakthrough concession by agreeing to immediately begin direct talks with the contras and ending the 6-year state of emergency. The talks will be held tomorrow. In these circumstances, even those congressmen who have consistently supported the administration's policy in the past are unwilling to provide military aid for the contras at this time, holding that the peace process in Central America should be given a chance.

—The American public opposes the administration's military intervention in the Central American turmoil. The Vietnam War remains fresh in their memory. Their cries are becoming stronger and louder every day.

—The United States is now in a presidential election year. The policy on Nicaragua has become a major campaign issue. The candidates of both parties will have to take public opinion into serious consideration on this issue.

The Reagan administration has consistently pursued a policy of exerting heavy pressure on the Nicaraguan Government, and has even described its concessions as the result of military pressure, hence it has insisted on continuing to provide aid so as to force Nicaragua to bow. However, in view of the strong tide of opposition to this policy, the U.S. Government has had no choice but to repeatedly reduce the amount of aid. However, it has still insisted on allocating 10 percent of the sum as military aid, and will release this aid the moment the cease-fire talks break down.

Reagan's aid request will be voted on by the House and the Senate on 3 and 4 February. Public opinion regards this vote as the most important during Reagan's term and as a major showdown between the White House and Congress in the last year of the Reagan Presidency. If this request is vetoed, Reagan will not be able to revive aid for the contras during his Presidency. It is believed that there will be "an emotional, bloody, and heated debate."

Roundup on Wall Street in Wake of Crash

OW 292022 Beijing XINHUA in English 1116 GMT
27 Jan 88

[“Roundup: Wall Street Faces Contradiction and Uncertainty (by Xia Zhaolong)”—XINHUA headline]

[Text] New York, January 26 (XINHUA)—Risks and uncertainty are the catchwords these days on the Wall Street as securities firms are making plans for their New Year business.

Edward J. O'Brien, president of the Securities Industry Association (SIA), said that this sector of the U.S. economy “is faced with some enormous challenges,” including reduced business transactions and keener competition.

He told a meeting of brokers and managers here today that “we must find a new road map for the plateau the industry has found now itself upon.”

Worries have gripped the Wall Street since the stock market crash last October which wiped out an estimated one trillion U.S. dollars worth of the stock value.

The unprecedented plunge shocked all securities houses across the nation and made many of them in red financially and some out of business.

Merrill Lynch Corporation, the largest brokerage firm in the country reported today that its 1987 fourth quarter net earnings dropped 98 percent to a scant 3.5 million dollars.

The company announced earlier that it would freeze its employees' salaries for six months and dismiss some 2,000 workers.

The massive lay-off, however, would be with the E.F. Hutton group which was acquired by the Shearson Lehman Brothers Inc. following the mid-October crash. Many financial analysts expect that the merger of the two big firms will turn some 6,000 people jobless.

Taken together, the SIA president said that U.S. securities industry has lost more than 15,000 jobs over the last few months.

SIA is a trade organization representing 90 percent of the securities business in the country.

Marc H. Sternfeld, a capital market specialist on the Wall Street, predicted that an additional 10 percent reduction of the workforce in the industry is needed if the market stays as it is today.

“The present lay-offs are largely in reaction to the dramatic drop of profit in the wake of the share price collapse,” he added. “More reduction will come in the months ahead when companies have a clear picture of their earning results and business environment.”

According to statistics, the United States had 300,000 brokers, lawyers and managers in the securities business by the end of last October.

One of the major concerns to these firms appears to be the reduced volume since their revenue is based on the business transactions. The latest data indicated that the November volume at the New York Stock Exchange fell more than 35 percent from the October peak of the daily average of 557 million shares.

It has been common in recent weeks that the transactions sometimes stood at only about 200 million shares.

By and large, O'Brien explained, "the small individual investors have not returned to the market yet as they are still waiting and watching what would happen to the trade and budget deficits and the declining dollar."

Mr. O'Brien noted, "many investors are hesitating because they believe that the equity market will go down along with the country's faltering economy."

Usually, the market may bounce back six months after a major correction, but this time, he said, "I really do not know what the market would be in the days ahead. We are now in a completely different atmosphere."

Soviet Union

Working Group in Moscow For Border Talks

Li Jingxian Meets Rogachev

OW 011832 Beijing XINHUA Domestic Service
in Chinese 1623 GMT 1 Feb 88

[Text] Moscow, 1 Feb (XINHUA)—Rogachev, head of the Soviet delegation on Sino-Soviet border talks and Soviet deputy minister of foreign affairs, today met with Li Jingxian, head of the Chinese working group and others who came to attend the first meeting of the working groups on Sino-Soviet border talks.

Present on the occasion were Yu Hongliang, Chinese ambassador to the USSR, (Neshimov), deputy head of the Soviet Government delegation, and (Velishchin), head of the Soviet working group.

Talks End 1 Feb

OW 011518 Beijing XINHUA in English 1502 GMT
1 Feb 88

[Text] Moscow, February 1 (XINHUA)—The working groups of the Chinese and Soviet delegations on boundary talks ended their first meeting here today at which they discussed the alignment of the entire eastern sector of the boundary.

The meeting, which started January 20, was held in accordance with an agreement reached between the two sides in August last year when they held the second round of boundary talks.

It is decided that the second meeting of the working groups of experts will be held in Beijing in April this year.

China and the Soviet Union resumed boundary talks in Moscow in February last year after a nine-year break. The two countries held border negotiations from 1969 to 1978. The talks are to be held alternately in the two capitals.

'Problem' With Troop Pullout From Afghanistan

HK020435 Beijing 142111 RIRAC in Chinese
20 Jan 88 p 4

[Article by Xin Ping (2450 5493): "New Promises and the Demands of International Law"]

[Text] During his visit to Afghanistan earlier this month, Soviet Foreign Minister Eduard Shevardnadze made new promises. "The Soviet Union hopes that 1988 will be the last year for Soviet troops to stay in Afghanistan." "The Soviet Union will probably withdraw its troops from Afghanistan within 12 months." This is the first time since its invasion of Afghanistan more than 8 years ago that the Soviet Union has issued a clear signal of its intention to extricate itself from the predicament of violating international law.

Domestically, the Soviet invasion of Afghanistan, which is an act of trampling upon international law, has become not only a heavy economic burden but also a "bleeding wound" for the Soviet people. It is increasingly unfavorable to the Soviet current economic reform and intensified development strategy. The Soviet war of aggression against Afghanistan, which has dragged on for more than 8 years, has resulted in the deaths of tens of thousands of Soviet soldiers, leaving endless sorrow and resentment for thousands of families. For this reason, the Soviet people are increasingly opposed to the war of aggression against Afghanistan. Last year a Soviet diplomat publicly asserted that the Soviet decision to dispatch troops to Afghanistan was a "wrong" one. This antiwar sentiment on the part of the Soviet people has become a negative factor for Soviet reform and development and forced the Kremlin to try to get out of Afghanistan as soon as possible.

Internationally, the Soviet invasion of Afghanistan, which is an act of trampling upon international law, has become a serious obstacle to the implementation of new diplomatic thinking and readjustment of its foreign policy.

Although the relevant concepts, theories, and principles of the new thinking on Soviet foreign policy seem for the most part to conform to international law and the principles governing international relations, Soviet actions in Afghanistan and other areas have so far proved otherwise. The contradiction between Soviet words and deeds and between its theory and practice cannot but make people suspicious about its new diplomatic thinking and its foreign policy readjustment measures. The Afghan issue and the Cambodian issue in particular have a direct bearing on the success or failure of Soviet attempts to readjust its Asian and Pacific policies as a whole. If it fails to solve the issues of the two hot spots, which are of its own creation, it will be difficult for the Soviet Union to erase the image of Soviet "hegemonism" and "expansion and aggression" from the minds of Asian and Pacific countries and peoples. Therefore, the Soviet Union cannot but first look for a

method of solving the question of withdrawing troops from Afghanistan and then take this as a model for solving the Cambodian issue.

The Soviet announcement of the withdrawal of its troops from Afghanistan this year has drawn the attention of, and triggered reactions from, all parties concerned. While Soviet Foreign Minister Shevardnadze visited Kabul early this month, U.S. Assistant Secretary of State Armacost also visited Pakistan to discuss with Pakistan's leaders Soviet intentions concerning a political solution to the Afghan issue. During his visit to Pakistan, Armacost also met with Afghan resistance leaders, reaffirming that the United States would continuously support their struggle. A White House spokesman recently said that the United States expressed a "certain optimism" over the present situation surrounding the Afghan issue. But he also stressed, "Only by explicitly stipulating the date from which the Soviet Union will begin withdrawing its troops and the schedule for the troop withdrawal is it possible to solve other issues. He said that it is unreasonable on the part of the Soviet Union to set the suspension of U.S. aid to Afghan guerrillas as a precondition for the troop withdrawal. Pakistan's Deputy Foreign Minister (Nurati) was suspicious about the Soviet intention to withdraw its troops from Afghanistan this year, saying, "Let us take a prudent attitude regarding this." Afghan guerrilla leaders hold that "There is no reason to adopt an optimistic attitude" toward the Soviet announcement of a troop withdrawal this year. They called on people to watch out lest they be deceived.

Judging from various conditions, there are still many difficult problems to be solved before the Soviet Union withdraws its troops from Afghanistan this year. It remains to be seen whether the Soviet Union will, as announced, withdraw its troops within 12 months and thus return from the wrong path, of violating, to the path of observing international law.

Northeast Asia

Further on Diplomatic Talks With Japan

OW 310732 Beijing in Japanese to Japan 0930 GMT
30 Jan 88

[Text] Chinese Vice Foreign Minister Liu Shuqing held the eighth round of China-Japan working-level diplomatic talks with Takakazu Kuriyama, the Japanese Foreign Ministry's deputy vice minister for foreign affairs, in Beijing on 28 and 29 January. They exchanged views on Sino-Japanese relations and international issues of mutual concern in a friendly and candid atmosphere.

The two sides agreed that Sino-Japanese relations have been developing smoothly on the whole and that exchanges in respective fields have been producing excellent results. They also expressed the belief that in order to maintain continuous development of Sino-Japanese

friendship and cooperation, the two countries should properly deal with a number of problems arising in their political and economic relations through friendly talks.

Concerning the Kokuryo dormitory issue, a notable problem now pending between the two countries, the Chinese side reiterated its position that it should be resolved in a reasonable way on the basis of the China-Japan Joint Statement, the China-Japan Peace and Friendship Treaty, and rules of international law.

In response, the Japanese side expressed its position on this issue. It disclosed that Japan had already been aware of the importance of this issue. Moreover, in their talks the Japanese side repeatedly clarified that Japan would persist in its one-China position. It stated that Japan would continue to limit Japanese-Taiwanese relations to private level contacts.

Wu Meets Japanese Official

OW 291824 Beijing Domestic Service in Mandarin
1030 GMT 29 Jan 88

[Text] Wu Xueqian, state councillor and concurrently foreign minister, met with Japanese Deputy Minister of Foreign Affairs Takakazu Kuriyama and his party at the Chinese Foreign Ministry this afternoon.

The Japanese deputy foreign minister is here to attend the eighth round of regular consultations between Chinese and Japanese foreign affairs officials, which was held in Beijing on 28 and 29 January. The two sides had a friendly and candid exchange of views on bilateral relations and international issues of common concern. They agreed that marked progress has been achieved in exchanges in various fields since the two countries normalized their relations. As for problems emerging in bilateral political and economic relations, the two sides agreed that such problems should be handled properly through friendly negotiations to ensure that Sino-Japanese friendly cooperation will continue to grow in a wholesome manner without impediment. On the Kokuryo case, the Chinese side reiterated the Chinese Government's consistent stand, and the Japanese side said it has realized the gravity of the issue and the Japanese Government attaches importance to it. The Japanese side also reiterated its one-China stand, and said Japan will continue to restrict its relations with Taiwan to nongovernmental and regional exchanges.

In his meeting with the Japanese visitors, Wu Xueqian expressed satisfaction with the outcome of the latest regular consultations between Chinese and Japanese foreign affairs officials, saying that regular consultations can enhance mutual understanding.

Talks End 29 Jan

OW 291319 Tokyo KYODO in English 1259 GMT
29 Jan 88

[Text] Beijing, Jan. 29 KYODO—China has shown a cautious attitude toward normalization in relations with South Korea during two days of Sino-Japanese working-level diplomatic talks which ended Friday, Japanese sources said.

The sources said China took such a stance in view of its relations with North Korea.

Japanese Deputy Foreign Minister Takakazu Kuriyama told reporters after the talks that both sides spent considerable time in exchanging views on the situation on the Korean Peninsula. He did not elaborate.

The sources said the Japanese side told the Chinese that South Korean President elect No Tae-u is energetic in trying to normalize relations with China.

But Kuriyama denied some reports that Japan is trying to play the role of a bridge in relations between China and South Korea.

He said both sides agreed that relations between China and Japan are good and normal but China explained its position on two pending issues.

The first issue involves a Chinese student dormitory in the western Japan city of Kyoto whose ownership the Osaka High Court awarded to Taiwan in February last year, angering Beijing.

The other issue involves high technology trade. Toshiba Machine Co., an affiliate of the electric giant Toshiba Corp., last year was found to have illegally exported sensitive high-tech machine tools to the Soviet Union and as a result the company was banned from exporting its products to communist nations for 1 year, triggering Chinese complaints.

The Japanese side at the talks quoted Prime Minister Noboru Takeshita as telling the Diet Thursday that he wants to avoid possible unfavorable effects on bilateral relations from the dormitory real estate issues.

The talks were the first of their kind since the Takeshita administration was inaugurated in November.

Kuriyama and other Japanese officials Friday evening visited Chinese Foreign Minister Wu Xueqian and convened Takeshita's wish to visit China this year on the occasion of the 10th anniversary of the Japan-China Peace and Friendship Treaty.

Kuriyama later told reporters Wu had welcomed a Takeshita visit and also accepted a proposal for a visit by Foreign Minister Sosuke Ono to Beijing.

Tokyo Rally Marks Date of Nanjing Massacre

OW 311423 Beijing XINHUA in English 0904 GMT
30 Jan 88

[Text] Tokyo, January 30 (XINHUA)—More than 360 people from Japan's non-governmental organizations held a rally here last night to mark the 50th anniversary of the Nanjing massacre.

The participants included Japanese teachers and ex-soldiers who witnessed the massacre.

Reviewing such a historical lesson, they expressed in their speeches the determination to further strengthen Japan-China friendship and maintain lasting peace.

In his own experience, Kazuo Sone, an ex-soldier, revealed the criminal acts committed by the Japanese Army in the Nanjing massacre during which, he said, numerous innocent Chinese people were killed. The scenes of burning, killing, raping and looting were too horrible to look at, he noted.

Lectures concerning the massacre were given at the rally. The Chinese documentary "Nanjing Massacre" was also shown on the occasion.

A leaflet distributed by the rally said that the Nanjing massacre is a horrible atrocity committed by the Japanese militarists in Asia, rather than a fabrication or an accidental occurrence described by some people.

Nanjing is now the capital of China's Jiangsu Province. The well-known Nanjing massacre took place there from December 1937 to January 1938 during which some 300,000 Chinese people were killed by the Japanese aggressors.

Southeast Asia & Pacific

Zhao Ziyang Holds Talks With Sihanouk

OW 011711 Beijing XINHUA in English 1639 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—The Chinese Government understands and respects the efforts made by Samdech Norodom Sihanouk for a just and reasonable solution to the Kampuchean problem, Chinese Communist Party (CPC) leader Zhao Ziyang said here tonight.

Zhao, general secretary of the CPC Central Committee, met Sihanouk and his wife this evening.

Sihanouk briefed Zhao on his second face-to-face meeting with Hun Sen, "prime minister" of the Vietnam-backed Phnom Penh regime, near Paris a few days ago.

Sihanouk said no progress was made during this meeting because he had held firmly to his position. As a result, Hun Sen gained nothing and left disappointed, he said.

Sihanouk said he will never be the head of state of the so-called People's Republic of Kampuchea.

He said he loves his motherland and misses the Kampuchean people. But he will never return to Phnom Penh unless Vietnam withdraws all its troops from Kampuchea and the country achieves 100 percent independence, he noted.

He said Vietnam should withdraw its troops in 1988 or, at the latest, in 1989.

On coalition government, Sihanouk said he favors the establishment of a four-party coalition government to supervise a future general election.

He said that Vietnam must withdraw its troops from Kampuchea, and the so-called People's Republic of Kampuchea must be dissolved, a general election held under the supervision of an international supervisory committee, and international peace-keeping troops stationed in Kampuchea so as to maintain peace and security there.

He said he had given up his original plan to have a third meeting with Hun Sen in the Democratic People's Republic of Korea this April. This, he explained, was because Hun Sen is not an independent leader but completely manipulated by his masters in Hanoi. "It is useless to talk with him," Sihanouk said. "Two meetings with him were enough."

Besides, he said, Vietnam is still stubbornly holding to its position. "However, if the Vietnamese invite me to talks, I will accept," he added. "If the Vietnamese bring Hun Sen with them in the talks, I can also agree."

Zhao expressed his appreciation and admiration for Sihanouk's sticking to his principles during his meetings with Hun Sen, namely, complete withdrawal of Vietnamese troops from Kampuchea, the establishment of a four-party coalition government, dissolution of the so-called People's Republic of Kampuchea, and refusal to return to Phnom Penh before Kampuchea gains 100 percent independence and there has been a complete withdrawal of Vietnamese troops from Kampuchea.

Sihanouk said he will never change his above-mentioned position during his lifetime.

He said his army (the Sihanoukian National Army) and his front (the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia) will remain in the three-party coalition government, and his army will persevere in the struggle against the Vietnamese aggressors to the end.

Zhao praised Sihanouk as a great patriot and experienced statesman.

China believes Prince Sihanouk will continue to play his important role in accordance with the Kampuchean people's fundamental interests, Zhao said.

He reiterated that as long as Vietnam does not withdraw its troops from Kampuchea completely China will never change its position on supporting the just struggle of the Kampuchean people and the three forces' resistance efforts against the Vietnamese aggressors.

Later, Zhao hosted a banquet for Sihanouk and his wife. [Beijing XINHUA Domestic Service in Chinese at 1555 GMT on 1 February in a similar report adds: "Attending the meeting and the banquet were Ngapoi Ngawang-jigne, vice chairman of the NPC Standing Committee, Wu Xueqian, state councillor and minister of foreign affairs, and Chan Younan, ambassador of Democratic Kampuchea to China.]

Chen Pixian Delegation Arrives in Bangkok

Assembly President's Reception

OH 011415 Beijing XINHUA in English 1534 GMT
30 Jan 88

[Text] Pattaya, Thailand, January 30 (XINHUA)—Ukrit Mongkhonnawin, president of the Thai National Assembly, and Chen Pixian, vice chairman of the Standing Committee of the Chinese National People's Congress, promised here this evening that the congresses of both countries would promote further the existing friendly and cooperative ties between the two countries.

They made the pledge at a reception given by Ukrit in his private villa here to welcome the delegation of the Chinese National People's Congress led by Chen Pixian that arrived in Bangkok yesterday for a week-long goodwill visit to Thailand.

Ukrit said that the Thai people are taking great interest in the road to happiness followed by the Chinese people charted by Deng Xiaoping with his wisdom.

He believed that the friendly relations between Thailand and China would continue to develop.

Chen Pixian said in his reply that the Chinese National People's Congress attaches great importance to the friendly relations with Thailand and it would like to join the Thai National Assembly in stepping [up] efforts to promote such relations.

He said that in international affairs China and Thailand support each other and have common views on not a few important issues.

Chen Pixian pointed out, "China's reform and opening to the outside world are going in depth steadily and they are closely linked with world peace and development. China cherishes peace and is willing to stand together with Thailand and other ASEAN countries to contribute

to the maintenance of world peace and regional stability and to the promotion of common prosperity and development among countries in the world."

Received by King

OW021001 Beijing XINHUA in English 1550 GMT
1 Feb 88

[Text] Bangkok, February 1 (XINHUA)—King Phumiphon Adunyadet of Thailand received here today Chen Peixian, vice chairman of the Standing Committee of the Chinese National People's Congress (NPC) and some members of the visiting NPC delegation headed by him.

Both the king and Chen expressed the aspiration to further continue the existing friendly ties between Thailand and China. Chen Peixian also called upon Ukrit Mongkhonnawin, president of the National Assembly of Thailand, here today.

Chen conveyed a message to Ukrit from Peng Zhen, chairman of the NPC Standing Committee, to invite him to come to China for another visit. Ukrit said that he was expected to meet Peng again in the near future. Ukrit visited China in 1985.

The Chinese NPC delegation arrived here on January 29.

Sub-Saharan Africa

Envoy Speaks at Arusha SADCC Conference

OW011315 Beijing XINHUA in English 0038 GMT
30 Jan 88

[Text] Dar es Salaam, January 29 (XINHUA)—The 1988 Consultative Conference of the Southern African Development Co-ordination Conference [SADCC] ended this afternoon in Tanzania's northern town of Arusha, with more pledges of foreign financial assistance.

According to a communique issued at the end of the conference, cooperation partners of SADCC have pledged additional resources amounting to one billion U.S. dollars for the organization's development program over the next four years.

The communique did not indicate which particular countries or international agencies that have pledged the assistance, but it was revealed that the Nordic countries were on top of the list with a pledge of 825 million U.S. dollars.

The SADCC had planned to implement 493 projects worth about 6.3 billion U.S. dollars and the SADCC executive secretary, Simba Makoni, said that the organization will continue talking to its cooperating partners to bridge the deficit gap.

The communique noted that the stagnant economies of the SADCC countries were mainly due to hostile economic environment and structural weaknesses, adverse weather conditions and the war of aggression waged by the South Africa regime.

It pointed out that average growth for the region this year will decline and is not expected to exceed 2.4 per cent while on average the region's population is growing by 3.2 per cent.

The total outstanding debt for the nine member states increased from 12.95 billion U.S. dollars at the end of 1984 to 14.64 billion U.S. dollars at the end of 1985.

"At this level, total regional debt was equivalent to about 50 per cent of the region's average growth and the repayments due to long term debt in 1986 alone were estimated at 745 million U.S. dollars," the communique said.

Speaking at the conference, representatives from the European Economic Community (EEC), the Nordic countries, the United States, Britain, Canada, and other Western countries as well as the Soviet Union all commended the achievements obtained by the SADCC and pledged more financial assistance.

On behalf of the Chinese Government, Chinese Ambassador to Tanzania Liu Qinyou said: "For many years now, China has provided development assistance for most of SADCC countries. We have undertaken more than 100 projects in complete sets for assistance, over 90 per cent of which have been completed."

The Chinese Government would continue cooperation with SADCC in its efforts for development, the ambassador added.

He also condemned the apartheid system in South Africa and its destabilization policy against the neighbouring countries.

About 600 delegates from SADCC member states, 37 donor countries, 33 international donor agencies and three liberation movements from southern Africa attended the two-day conference.

SADCC comprises Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. The aim of the regional organization is at reducing economic dependence on racist South Africa.

The next consultative conference of the SADCC will be held in Luanda.

West Europe

Zhang Jingfu Meets Belgian Banker

OW010924 Beijing XINHUA in English 0907 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—Chinese State Councillor Zhang Jingfu met with Jacques Grootaert, chairman of the Generale de Banque (the General Bank) of Belgium, here today, extending congratulations on the opening of the bank's representative office in Shanghai.

The Belgian bank set up its first representative office in Beijing six years ago.

Grootaert, co-chairmen of the Belgium-China Committee for Economic Cooperation and Trade, served as Belgium's first ambassador to China 16 years ago. He is scheduled to preside over inauguration of the bank's Shanghai office on February 3.

Turkish Assembly Speaker Comments on Ties

OW301003 Beijing XINHUA in English 1511 GMT 29
Jan 88

[Text] Ankara, January 29 (XINHUA)—Turkey's newly elected Speaker of the Grand National Assembly (parliament), Yildirim Akbulut, said Friday that his country cherishes a dear feeling toward China.

In a meeting with Liu Hua, China's ambassador to Ankara, Akbulut said his country is willing to strengthen its ties in all fields with China, "with whom Turkey has a long record of friendship."

He also asked the ambassador to convey his invitation to the Chinese National [People's] Congress (parliament) to send a delegation to visit Turkey.

Relations between China and Turkey in recent years are marked by wide-ranging contacts and regular visits to each other by leaders of the two countries.

These visits include Chinese President Li Xiannian's trip to Turkey in 1984, Turkish Premier Turgut Ozal's China tour of 1985 and the Turkish tour of the then Chinese Premier Zhao Ziyang in 1986, who is now general secretary of the Chinese Communist Party.

Yang Dezhi, former chief of staff of China's People's Liberation Army, also paid a visit to Turkey in 1985.

Chinese oil export to Turkey constitutes the main item of trade between the two countries. Under an accord signed in late 1986, Turkey's oil import from China last year amounted to 500,000 tons.

China's civil airline last April also started a weekly flight from Beijing to Istanbul, where China set up a consulate in 1985.

Italy To Stimulate 'Enterprise' Investments

OW291446 Beijing XINHUA in English 0927 GMT
29 Jan 88

[Text] Rome, January 28 (XINHUA)—A senior Italian official said here today that the Italian Government has decided to take measures to stimulate investment in China.

In an interview with XINHUA NEWS AGENCY this evening, Deputy Foreign Minister Giberto Buonalumi said all conditions for the investment of Italian enterprises in China are now mature.

Italy's overseas investment was limited until recently, and now under a favorable economic situation Italy is pursuing a policy of increasing its investment in foreign countries, said the deputy foreign minister in charge of Asian affairs.

[Words indistinct] Buonalumi said Italy adopted an act under which special sums of money have been earmarked for the investment in the Third World.

Italy pays special attention to its economic, technological and cultural relations with China, stressed Buonalumi, who, together with Italian Foreign Minister Giulio Andreotti, is scheduled to visit China in late March.

Among the European Economic Community countries, Italy is now the second biggest trade partner of China, the deputy foreign minister said.

The Italian Government advocates providing favorable loans to joint ventures with Third World countries, which is an important part of the content of Italy's cooperation with developing nations, Buonalumi said.

However, the deputy foreign minister said, whether an enterprise invests in foreign countries or not is decided by the enterprise itself, and the government will only create favorable investment environment and necessary security.

A number of Italian entrepreneurs have applied for setting up joint ventures in foreign countries, and their applications are being examined and the procedure of examination and approval will soon be over, Buonalumi revealed.

The deputy foreign minister said it is important for both Italian and Chinese Governments to support cooperation between medium- and small-sized enterprises of the two countries.

Asked how Italy will offset its favorable balance of trade with China, Buonalumi said China should make more efforts to help Italian consumers know about China-made products and make these products more competitive in international market.

Italian Firm To Help Build Steel Plant

*OW302031 Beijing XINHUA in English 1250 GMT
28 Jan 88*

[Text] Shenyang, January 28 (XINHUA)—The Anshan iron and steel complex, China's largest, will start building a modern seamless steel pipe mill under a contract signed yesterday with an Italian company, XINHUA learned today.

The mill should go into operation in 1990, and will be able to produce 350,000 tons of petroleum pipelines and 150,000 tons of boiler, hydraulic and structural engineering pipes up to international standards.

The project will cost 2.12 billion yuan, or about 570 million U.S. dollars, including 300 million U.S. dollars from the Italian company, according to officials at the complex in Liaoning Province, northeast China.

Shandong, France TV Cooperation Agreement

*SK291154 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 28 Jan 88*

[Text] An agreement on establishing business and friendship ties between the Shandong television station and the Bretagne regional branch of the No 3 television station of France was formally signed in Jinan on 28 January.

(Zeng Zhaoming), director of the Shandong television station, and (Ranbaoerjian), director of the Bretagne regional branch of the No 3 television station of France, respectively signed the agreement. Leaders of the provincial radio and television department and the provincial foreign affairs office attended the signing ceremony.

The agreement states: Both sides will provide each other with self-designed and self-produced television programs relating to women and children and relating to social activities in the economic, cultural, and sports fields; will exchange special correspondents with each other to collect and produce television programs; and will conduct technological exchanges.

Latin America & Caribbean

Uruguay To Announce Decision on Relations

*OW021114 Beijing XINHUA in English 1047 GMT
2 Feb 88*

[Text] Montevideo, February 1 (XINHUA)—The Uruguayan Government is soon to announce a decision on establishing diplomatic relations with the People's Republic of China, Uruguayan Foreign Minister Enrique Iglesias said here today.

According to the foreign minister, last December President Julio Maria Sanguinetti said the issue would be settled in the coming weeks, and he assured that "we are getting close at this time that a resolution is going to take place."

Zhao, Inventor Discuss Operation Method

*OW020735 Beijing XINHUA Domestic Service
in Chinese 1133 GMT 1 Feb 88*

[By reporter Li Niangui]

[Text] Beijing, 1 Feb (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, met Zhang Xingrang, inventor of the "full-load operation method" and director of the Shijiazhuang No 1 Plastic Factory, at the Qinzheng Hall in Zhongnanhai. He praised the full-load operation method as a great invention by Zhang Xingrang, an invention which can greatly benefit the state and the people. He said Zhang should be commended. He told Zhang Xingrang: We must propagate and popularize the method you have created.

The clock showed 0900. When Zhao Ziyang entered the conference room of the Qinzheng Hall, he cheerfully held Zhang Xingrang's hand and said smilingly: We saw each other in 1985. He and Zhang sat side-by-side. He asked Zhang how old Zhang is and how long he has been working for the factory. Zhang replied that he is now 50 years old and started working for the factory in early 1984, and that he has worked 4 years for the factory.

Zhao Ziyang raised three questions: How did Zhang come up with the "full-load operation method"? What are the major aspects of this method? How effective is this method now that it has been in practice for two years?

Zhang Xingrang answered the questions in detail. He talked continuously for more than 2 hours, while Zhao Ziyang listened attentively. Briefing Zhao about the tremendous waste of manpower, material and financial resources, and equipment in the factory in the past, Zhang Xingrang said: A sample survey in 1984 revealed that the average effective daily working hours of a worker in the factory only accounted for 32.4 % of the effective daily working hours that a worker should work each day, and that the machines in the factory were only running at 40 % capacity. Zhao Ziyang said: Workers only working for one third of the effective working hours each day, and machines running at less than 50 % capacity is a tremendous waste. When we talk about the potential of an enterprise, this is the most realistic potential.

After hearing Zhang Xingrang's briefing, Zhao Ziyang emphatically pointed out that the "full-load operation method" is a systematic, scientific managerial method. It conforms with the current situation among the enterprises in China. After implementation of the system of contracted responsibilities, popularization of the "full-load operation method" in China's various enterprises is of great significance in strengthening enterprise management, tapping production potentials, improving economic results, and bringing into full play the role of the system of contracted responsibilities. Therefore, we can

say that this method created by Comrade Zhang Xingrang is appropriate to the situation. We can also say that it will emerge as the times require.

Zhao Ziyang said: The "full load operation method" can be further improved to include the plant bank system as a component part. We must make unremitting efforts to popularize the "full-load operation method" in a planned and step-by-step manner. He said: The reason that we must implement the "full-load operation method" is that our work load is not full, that the production resources are not being fully tapped, and that there is still waste to be eliminated as well as potential to be tapped. This situation is widespread. Therefore, the full-load method should be promoted at the moment in order to strengthen management. He said: Admittedly, the technology and equipment in many of our industrial enterprises is backward. However, an even more serious problem is our backward management. Of course, we need to import advanced equipment and technology. It is our set policy, and we are doing just that. However, we must attach more importance to the enterprises' potential. If we strengthen our management; carry full work loads; and make the best use of our manpower, equipment, and time, we can still achieve great results without the addition of new technology or equipment. This is most realistic. The contract system only provides a favorable environment and an impetus for improving management. It does not mean that the system can by itself improve management. We must still make efforts to strengthen management in order to make the system work. Therefore, in addition to the contract system, we must also popularize the "full-load operation method" in a down-to-earth manner and continue to develop and improve it in practice. Zhao Ziyang emphatically pointed out that developing and improving the full-load operation method should not be the task of the Shijiazhuang No 1 Plastic Factory alone, but also a common task shared by all enterprises across the nation.

Li Peng Addresses Higher Education Meeting

*OW010801 Beijing XINHUA Domestic Service
in Chinese 1439 GMT 30 Jan 88*

[By RENMIN RIBAO reporter Bi Quanzhong and XINHUA reporters Chen Weiping and Yang Zhaobo]

[Text] Beijing, 30 Jan (XINHUA)—The national higher education work conference closed today. Acting Premier Li Peng said at the conference: In the next period, the major task in higher education is to implement the guidelines of the 13th CPC National Congress and to accelerate and deepen reform to meet the needs of our modernization program regarding highly specialized personnel.

Li Peng pointed out: In the last few years, our higher education has made great strides and played an important role in socialist construction. Reforms have been unfolded in many aspects of education and some of them have yielded good results. We have gained a great deal of

experience in educational reform. The vast numbers of teachers, cadres, and workers on the educational front, working diligently and conscientiously, have contributed to training qualified personnel for socialist construction. Because the 13th National Party Congress has given first priority to education as part of the economic development strategy, educational workers are shouldering a heavier responsibility in China's modernization. Higher education, aimed at training highly specialized personnel and developing science, technology, and culture, has a direct bearing on socialist construction. However, in the current situation in which we carry out reforms throughout the country and open to the outside world, higher education still cannot meet the demand of economic and social development in many respects, or meet the demands of the reform of the economic structure and the reform of the political structure.

Li Peng emphasized: We should take the training of qualified personnel needed for socialist construction as the main task of our institutions of higher education. In accordance with the needs of building socialist material and spiritual civilization, institutions of higher education should persistently train qualified personnel who are morally, intellectually, and physically developed and have lofty ideals, moral integrity, education, and a sense of discipline. In the current situation in which we carry out reforms and open to the outside world, institutions of higher education should adapt themselves to the development of a socialist, planned commodity economy in China, meet the challenge of international competition and that of the new technological revolution, and pay attention to making students understand the need of reforms and opening to the outside world and display the scientific spirit of seeking truth from facts, thinking independently, and having the courage to create. Institutions of higher education should also pay attention to physical culture, help students develop the habit of doing physical exercise, and make them physically strong so that they can take on arduous tasks in the future. Institutions of higher education should train a large number of outstanding specialized personnel. Schools should be appraised not only by the number of students they have trained. It is more important that we judge them by the quality of the students they have trained and see whether their graduates can meet the needs of society or not. Today, China already has many universities and colleges of considerable size. For the next period, we should concentrate more efforts on carrying out educational reform well, improving personnel training quality, and improving the results of school education.

Li Peng said: The main trend among our young college students is good. They support reforms and opening to the outside world, are concerned about the motherland's future and destiny, support the line of the 13th CPC National Congress, and are willing to dedicate themselves to the prosperity of the country and the people. In the course of participating in social practice in the last 1 or 2 years, they have made remarkable progress in

understanding the situation in our country and society, facing reality, and correctly knowing themselves. It requires the unremitting efforts of several generations to build a rich, strong, democratic, civilized, and modern socialist country. Our cause will eventually be turned over to our young people. We should show concern for and cherish the young people, and at the same time, set strict demands on them. We should educate them to work hard in a down-to-earth way and help them foster a spirit of dedication to socialist construction. We should guide and encourage them to take the road of healthy growth by combining theory with practice and integrating themselves with the masses. The cultivation of young students is the job of the whole society. The whole society should actively support the work of the institutions of higher education. In particular, all enterprise and institutions should support and help schools build facilities where students can practice what they learn. We should also enthusiastically help new jobholders fresh from college to temper themselves in actual work.

Properly introducing the competitive mechanism in institutions of higher education is an important part of deepening the reform of higher education. Li Peng expressed the view that the goal of higher-education reform is to gradually establish an effective mechanism that will enable schools to take the initiative in meeting the needs of national economic and social development. Systems and measures suited to the schools should be developed on the basis of the laws and characteristics of education and in accordance with the reality of education. The reform of the system of placing graduates of higher-educational institutions is not only a major integral part of the reform of the state personnel system, but also a matter the broad masses of teachers and students are most concerned about. The system of placing graduates should give both employing units and students a certain extent of freedom to choose. In this regard, it is necessary to gradually establish a "two-way choice" system to enable students to choose their jobs and the employing units to select the best qualified persons. We still encourage graduates to work in economically undeveloped areas and in those trades that require hard work, and in order to do so, we should formulate an encouraging policy. In other fields of school work, systems should also be formed step by step in the course of practice to meet the needs of reform.

Li Peng again emphasized: Institutions of higher education should have their respective characteristics and maintain their respective standards in various areas in accordance with the needs of society. Every institution of higher education should make clear its task, strive to show its unique features, and achieve certain standards in its respective areas of work. The State Education Commission is requested to give consideration to this proposition: In the future, those to be considered as key schools by the state should not be limited to schools doing advanced studies, but include schools engaged in all kinds of education. At present, some schools are not very enthusiastic about their educational work, but they

place onesided emphasis on achieving higher levels regardless of the actual needs of society. If this state of affairs is not corrected, it will be impossible to solve the problem of irrational structure of our higher education.

Li Peng told the representatives at the conference: With the development of the modernization program, our country will have a still greater demand for high-level specialists, and more and more people will request that they receive higher education. This requires steady development of higher education. At present, there are already large numbers of full-time students in institutions of higher education, and in view of the strained situation with regard to educational facilities in many schools, it will be rather difficult to further increase the number of full-time boarders. Under these circumstances, if institutions of higher education are to meet the needs of society, they should not limit their functions to educating full-time students. Instead, on the basis of practical experience, they should conduct diverse forms of higher education by offering correspondence courses, running night colleges and television colleges, and enrolling commuters. Where conditions permit, some institutions of higher education may establish branch schools, which may provide education of higher vocational and technical nature. This will increase the effect of education to a rather big extent, thereby achieving the goal of getting more results with less effort. To encourage institutions of higher education to conduct diverse forms of education, the state must formulate some encouraging policies. In addition, there should be guarantees for meeting education expenses without the standard of education quality being affected.

Li Peng pointed out: Positive efforts should be made to offer various services to society so as to give fuller play to the schools' potential. Institutions of higher education deal with rather comprehensive disciplines, are talent- and knowledge-intensive with certain capabilities in science and technology, and have all kinds of equipment. If this potential is brought into full play, they will make greater contributions to socialist construction. Services offered to society may take various forms, including paid services. Schools may choose the most suitable forms according to their own characteristics and strong points. Schools may use the revenues from their services to improve their educational facilities or the remuneration and well-being of their faculty members. The State Council must study this matter and formulate the necessary policies.

Referring to the need for institutions of higher education to gradually put into practice the system of school presidents assuming full responsibility, Li Peng said: It is a major aspect of the reform of the political system to separate party and government functions and implement the system of school presidents assuming full responsibility. This system should be put into practice step by step after summing up the experience gained through

testing and implementation in certain schools and creating the necessary conditions. As for how to grasp ideological and political education in schools after this system is instituted, comrades should pool their efforts in studying this question and explore ways to do the job still better. Since ours are socialist institutions of higher education, at no time should ideological and political education be relaxed. In addition, he pointed out that the education management system discussed extensively at the conference is an important question deserving careful study. As to which authorities each institution of higher education should be subordinate to, he said, in general there will be no change at this time so as to ensure the normal work of higher education.

In conclusion, Li Peng said: Party and government leaders at all levels must further enhance their understanding of the strategic importance of education. People of all walks of life must uphold the idea that our socialist construction must rely on education. They must be concerned about and give support to education.

NPC Rules on Corruption, Bribery Penalties
OW'011021 Beijing XINHUA Domestic Service
in Chinese 0754 GMT 23 Jan 88

[Text] Beijing, 23 Jan (XINHUA)—NPC Standing Committee Supplementary Regulations on Punishment for Crimes of Corruption and Bribery

Passed by the 24th Session of the 6th NPC Standing Committee

The following supplementary regulations were made in accordance with the provisions on punishment for crimes of corruption and bribery stipulated in the "Criminal Law of the People's Republic of China" and the "Decision by the NPC Standing Committee on the Severe Punishment of Criminal Elements Who Seriously Endanger Public Security":

1. State workers, collective economic entity personnel, or those handling and/or administering public property who make use of their positions to embezzle, steal, swindle, or by other means illegally possess public property are committing a crime of corruption. Those who collude with state workers, collective economic entity personnel, or those handling and/or administering public property in committing a crime of corruption are accomplices.

2. Those who commit a crime of corruption will, based on the severity of their crime, be punished as follows:

a. Individuals who gain through corruption not less than 50,000 yuan will be given a prison term of not less than 10 years or life imprisonment, and their properties can be confiscated as well. If the crime is exceptionally serious, the individual may receive capital punishment and have his property confiscated.

b. Individuals who gain through corruption from 10,000 to less than 50,000 yuan will be given a prison term of not less than 5 years and their properties can be confiscated as well. If the crime committed is exceptionally serious, the individual will be sentenced to life imprisonment and his property will be confiscated.

c. Individuals who gain through corruption from 2,000 yuan to less than 10,000 yuan will be given a prison term from 1 year to less than 7 years. If the crime committed is serious, the individual will be given a prison term from 7 years to less than 10 years. Individuals who gain through corruption from 2,000 yuan to less than 5,000 yuan and, after committing the crime, turn themselves in, perform meritorious services, or repent and return what they gained illegally may receive reduced punishment or, in lieu of criminal punishment, receive disciplinary sanction by their work unit or the higher authorities.

d. Individuals who gain through corruption less than 2,000 yuan, but whose crimes are serious, will be sentenced to less than 2 years of prison or criminal detention. If the crime committed is less serious, the individual will receive disciplinary sanction from his work unit or the higher-up authorities, according to the severity of the crime.

Two or more people jointly committing a crime of corruption will be punished respectively based on the amount each person gains and the role each person plays in the crime. The major member(s) of a corruption ring will be punished based on the total amount the group gains through corruption; for other jointly-committed crimes of corruption, the principal offender will be punished based on the total amount gained.

Those who are caught after several cases of corruption will be punished based on the accumulated amount gained.

3. State workers, collective economic entity personnel, or those handling and/or administering public property who make use of their positions to misappropriate public funds for personal use and conduct illegal activities, or who misappropriate a larger amount of public funds to engage in profit-making activities, or who misappropriate a larger amount of public funds and do not return it after 3 months are committing the crime of misappropriation of public funds and will be sentenced to less than 5 years of prison or criminal detention. If the crime committed is serious, not less than 5 years of prison time will be served. Those who misappropriate a larger amount of public funds and do not return them will be handled as corruption cases.

Those who misappropriate for personal use relief funds and materials for disasters, emergencies, floods, and special care to disabled servicemen and to family members of revolutionary martyrs and servicemen will be dealt with severely.

Those who misappropriate public funds to conduct illegal activities and thereby commit other crimes will be punished according to the regulations for combining punishment for more than one crime.

4. State workers, collective economic entity personnel, or other public service personnel who take advantage of their office to extort or illegally receive articles of property from others in exchange for seeking gains for the latter are committing the crime of receiving bribes.

Those who collude with state workers, collective economic entity personnel, or other public service personnel to receive bribes shall be dealt with as accomplices.

State workers, collective economic entity personnel, or other public service personnel who violate state regulations to receive and personally take possession of rebates or service charges in one name or another in economic dealings shall be dealt with as receivers of bribes.

5. Those who have committed the crime of receiving bribes shall be punished according to the amounts of the bribes and the seriousness of the cases on the basis of the provisions in Article 2 of these regulations: Those who have received a bribe of less than 10,000 yuan and inflicted a heavy loss on the state or collective interests shall be sentenced to not less than 10 years of fixed-term imprisonment. Those who have received a bribe of 10,000 yuan or more and inflicted a heavy loss on the state or collective property shall be sentenced to life imprisonment or given the death penalty, and their property shall be confiscated. Those extorting bribes shall receive heavy punishment.

Acts of receiving bribes to commit illegal activities that constitute other crimes shall be punished in accordance with the provisions on combined punishment for more than one crime.

6. State-owned enterprises and establishments, institutions, or organizations that extort and receive articles of property from others in exchange for seeking gains for them shall be sentenced to a fine if the case is serious, and the personnel in charge who are directly responsible for the case and other personnel directly responsible for the case shall be sentenced to not more than 5 years of fixed-term imprisonment or criminal detention.

7. Acts of giving articles of property to state workers, collective economic entity personnel, or other public service personnel in order to seek improper gains are crimes of giving bribes.

In economic dealings, acts of violating the state regulations to give articles of property to state workers, collective economic entity personnel, or other public service personnel that involve a relatively large amount, and acts of violating the state regulations to give rebates or

service charges to state workers, collective economic entity personnel, or other public service personnel shall be dealt with as giving bribes.

Acts of giving articles of property to state workers, collective economic entity personnel, or other public service personnel under pressure of extortion are not crimes of giving bribes, provided that no improper gains are received.

8. Those who have committed the crime of giving bribes shall be sentenced to not more than 5 years of fixed-term imprisonment or criminal detention. If the case of seeking improper gains through bribery is serious or has inflicted a heavy loss on the state or collective interests, the offender shall be sentenced to not less than 5 years of fixed-term imprisonment. If the case is exceptionally serious, the offender shall be sentenced to life imprisonment and his property shall be confiscated.

Those who have given bribes but have taken the initiative to confess their acts of giving bribes before they are prosecuted may be given mitigated punishment or exempted from criminal punishment.

Acts of giving bribes to commit illegal activities that constitute other crimes shall be punished in accordance with the provisions on combined punishment for more than one crime.

9. If an enterprise, establishment, institution, or organization gives bribes to seek improper gains or violates the state regulations in giving rebates or service charges to state workers, collective economic entity personnel, or other public service personnel and if the case is serious, the enterprise, establishment, institution, or organization shall be sentenced to a fine, and its personnel in charge who are directly responsible for the case and other personnel directly responsible for the case shall be sentenced to not more than 5 years of fixed-term imprisonment or criminal detention. Those who have personally taken possession of the illegal gains obtained through bribery can be punished in accordance with the provision of article 8 of these regulations.

10. If a state worker receives a gift in his external activities and fails to turn it over to the government as required by the state regulations, and if the amount involved is relatively large, the state worker shall be punished for having committed the crime of corruption.

11. A state worker whose property or spending obviously exceeds his legal income by a large margin may be asked to account for the source of his extra income. The difference shall be treated as an illegal gain, provided he cannot prove that it is from a legal source. In that case, he shall be punished by a sentence of not more than 5 years of fixed-term imprisonment or criminal detention plus the confiscation of his extra property, or he shall be exclusively punished by the confiscation of his extra property. State workers' overseas deposits shall be

declared in accordance with the state regulations. Those who have relatively large amounts of overseas deposits but do not declare them shall be sentenced to not more than 2 years of fixed-term imprisonment or criminal detention. If the case is less serious, they shall be given disciplinary sanction by their units or by the competent authorities at the higher level in a manner appropriate to the circumstances.

12. All articles of public property embezzled and misappropriated shall be recovered. All bribes and other illegal gains shall be confiscated.

Embezzled and misappropriated articles of property that have been recovered shall be returned to their original units. Those not to be returned to their original units according to the law shall be turned over to the state treasury. All confiscated articles of property shall be turned over to the state treasury.

13. These regulations enter into force upon promulgation.

Jiang Qing Said 'Living in Ease and Comfort'
Hong Kong CHENG MING in Chinese No 124, 1 Feb 88 p 11

[Article from 'Reference News' column by He Fang (0149 5364): "Jiang Qing Is 'Living in Ease and Comfort'"]

[Text] Jiang Qing, aged 74, is now suffering from throat cancer. She is serving a sentence in a quadrangle opposite the office of the Central Discipline Inspection Commission on the Zhang Zizhong Road in Beijing. The environment around the quadrangle is not bad.

Jiang Qing formerly served a sentence in Zhangjiakou. But after she suffered from throat cancer, she was transferred to Beijing for medical treatment. She is now jailed in a "prison" located in a quadrangle in Beijing. Jiang Qing's daughter Li Na often visits her mother. At Mao's birthday last year, Mao's son Mao Anqing and grandson Mao Xinyu went to Mao's memorial hall in the Tiananmen Square to pay their respects to the remains of Mao. Not long after that, Li Min [Jiang Qing's other daughter] and Li Na jointly wrote a letter to the CPC Central Committee. They asked: Since Mao's son was allowed to go to the memorial hall to honor the memory of the dead, why was no such arrangement made for them?

Zhang Chunqiao, who is still imprisoned, is suffering from lung cancer.

Wang Hongwen, who is serving a sentence in Qincheng Prison, is presently in poor health.

Jiang Zemin Marks WEN HUI BAO Anniversary
OW020137 Shanghai JIEFANG RIBAO in Chinese
26 Jan 88 p 1

[Excerpts] The General Office of Shanghai WEN HUI BAO held a mass discussion meeting at the banquet hall of the Shanghai Exhibition Center on the afternoon of 25 January to mark the 50th anniversary of the founding of WEN HUI BAO. [passage omitted]

Jiang Zemin, member of the Political Bureau of the CPC Central Committee, secretary of the Shanghai Municipal CPC Committee, and mayor of Shanghai, attended yesterday's discussion meeting and made a speech. Comrade Jiang Zemin first of all warmly congratulated the newspaper on behalf of the Shanghai Municipal CPC Committee and the municipal government. He said: WEN HUI BAO is a newspaper with an historic tradition of glorious struggles. It is a distinctively unique newspaper published in Shanghai with widespread influence at home and abroad. It is a newspaper cherished by its readers. It plays a positive role which should not be underestimated; it has no substitute in facilitating the flow of information between Shanghai and other parts of China; in developing socialist science and culture; and in promoting the socialist modernization program and the reform and open policy.

In his speech, Jiang Zemin said: Shanghai is now at an important juncture of development. It is full of hope and vitality but is also faced with new challenges and temporary difficulties. All this requires that the people in the entire city work hard with one heart and one mind and display a pioneering spirit and that the propaganda departments and the media strive to improve their work and make still greater contributions. Jiang Zemin hoped that while Shanghai is in the course of deepening reforms and developing an export-oriented economy, WEN HUI BAO will use its dominant position and influence; play its role well as a newspaper to further strengthen the ties between Shanghai and other parts of China as well as other parts of the world; and work harder than ever to achieve its goals and invigorate Shanghai's economy.

Zhou Gucheng, vice chairman of the NPC Standing Committee, attended yesterday's discussion meeting. Zeng Minzhi, acting chief editor of the Hong Kong WEN HUI BAO, who made a special trip to Shanghai from Hong Kong, also made a speech at the meeting.

Ma Da, WEN HUI BAO's chief editor, warmly welcomed and sincerely thanked the people of all walks of life on behalf of all the workers and staff members of WEN HUI BAO. He said: Under the leadership of the Shanghai Municipal CPC Committee, WEN HUI BAO should exert unremitting efforts in implementing the principle of deepening reforms and opening even wider to the outside world as laid down by the 13th CPC National Congress; in bringing into full play its special characteristics; in promoting Shanghai's economic development; and in rejuvenating the motherland.

Soong Ching Ling's Birthday Celebrated
OW020211 Beijing XINHUA Domestic Service
in Chinese 1146 GMT 26 Jan 88

[By reporter Zhang Sutang]

[Text] Beijing, 26 Jan (XINHUA)—Tomorrow is the 95th birth anniversary of Soong Ching Ling, the late honorary president of the People's Republic of China. This morning, the Soong Ching Ling Foundation held a meeting at the Great Hall of the People to commemorate this great statesman and revolutionary, one of the greatest women of the 20th century.

Vice President Ulanhu addressed the commemorative meeting. On behalf of the CPC, the government, and the people across the nation, he expressed high respect and deep feelings for the late Comrade Soong Ching Ling.

In his speech, Ulanhu exalted the life of Soong Ching Ling and praised her as a great revolutionary who actively advanced China forward and pushed for progress and fundamental changes in the motherland. Ulanhu said: She devoted her whole life to the revolutionary cause of the Chinese people and to the cause of world peace and the progress of mankind. She was an outstanding daughter of the Chinese people.

Ulanhu recalled the lifelong revolutionary career of Soong Ching Ling. He said: In her early life, Soong Ching Ling followed Dr Sun Yat-sen in his national democratic revolution; strongly supported his three policies of allying with the Soviet Union, cooperating with the CPC, and advancing the interests of peasants and workers; and brought about the first cooperation between the Kuomintang and the CPC. She advocated for and took part in the great struggle against the Japanese for the survival of China, contributing greatly to the victory in the War of Resistance Against Japan. Ulanhu said: The Chinese people suffered numerous setbacks and defeats in its long revolution, but Soong Ching Ling strongly believed that the people were unconquerable and that the revolution would be won. After the establishment of New China, she became the state leader and began devoting herself to socialist construction.

Ulanhu noted: Soong Ching Ling was very patriotic and made it her lifelong goal to reunite the motherland. It is very gratifying to say that today, under the principle of "one country, two systems," the Chinese Government has reached agreements with the governments of the United Kingdom and Portugal respectively on the return of sovereignty over Hong Kong and Macao. We will pursue, under the same principle, a peaceful resolution of the Taiwan problem.

Ulanhu said: Soong Ching Ling was also a great internationalist, a steadfast antifascist, and a world peace fighter. She made outstanding contributions to world peace.

Ulanhu said: Soong Ching Ling showed great concern for the welfare of children at various historical stages and paid attention to the mental and physical growth of children with motherly love.

Ulanhu urged the entire nation to emulate Soong Ching Ling's undefeatable revolutionary spirit for the people's cause and her wholehearted dedication to the country and the people.

Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, and Shen Qizhen, vice chairman of the Central Committee of the Chinese Peasants and Workers' Democratic Party, spoke at the meeting. Qu Wu, honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, and Ma Haide, adviser to the Ministry of Public Health, gave written speeches. They recounted their experiences working with Soong Ching Ling and her revolutionary life and called on the whole society to carry on and finish her unfulfilled work.

Attending the commemorative meeting were Comrades Song Renqiong, Yan Mingfu, Huang Hua, Peng Chong, Ngapoi Ngawang Jigme, Rong Yiren, Yang Jingren, Kang Keqing, Qian Changzhao, and Ma Wenrui. Delegates from various sectors in the capital, representatives from the United Nations organizations in Beijing, diplomatic envoys, and some foreign friends also attended the meeting.

It is reported that various sectors in the capital will host a series of activities to mark the 95th birth anniversary of Comrade Soong Ching Ling.

Ulanhu Meets Nei Monggol Song, Dance Ensemble
OW020419 Beijing XINHUA Domestic Service
in Chinese 1620 GMT 27 Jan 88

[By reporter Shi Guiping]

[Excerpt] Beijing, 27 Jan (XINHUA)—Ulanhu, vice president of the People's Republic of China, met at his residence today the Nei Monggol Eerduosi Song and Dance Ensemble's playwright, director, actors, and actresses and encouraged them to make contributions to developing literature and art in border areas where people of minority nationalities reside. [passage omitted]

Yang Baibing Addresses Political Department
OW011204 Beijing XINHUA Domestic Service
in Chinese 1558 GMT 30 Jan 88

[By XINHUA correspondent Dai Puzhong and RENMIN RIBAO reporter Luo Tongsong]

[Text] Beijing, 30 Jan (XINHUA)—Yang Baibing, director of the PLA General Political Department, called on the General Political Department to become an example for all PLA political organs and troops.

At a summing-up and commendation meeting of the General Political Department today, Yang Baibing pointed out that the General Political Department should turn itself into a leading organ for political work that displays good common practices, unity, good work style, professionalism, and high working efficiency, and appear with a new look in front of the whole Army.

Yang Baibing said that as the highest leading organ for the PLA's political work, the General Political Department must have very high prestige in the PLA and its words must be well accepted and followed. He held that in order to achieve such prestige, the General Political Department must rely on doing effective work and playing a good exemplary role. He said: If our deeds do not match our words, and if we are strict with others and lax with ourselves, our words and deeds will not be appealing and we will be unable to establish our prestige.

In his speech, Yang Baibing called on all the personnel of the General Political Department to play an exemplary role in five respects: First, it is necessary to seriously study Marxist theories and the party's line, principles, and policies; resolutely adhere to the guidelines of the 13th CPC National Congress; conscientiously uphold the four cardinal principles; support reforms and opening to the outside world; strictly abide by political discipline; and be a good example of identifying ourselves with the party Central Committee. Second, it is necessary to have a high degree of revolutionary dedication and sense of responsibility; emancipate our minds; have the courage to blaze new trails; quietly immerse ourselves in hard, prudent, and meticulous work; stress efficiency; constantly improve our working ability; and be examples of working hard in a down-to-earth way. Third, it is necessary to conduct thorough investigations and studies, have close contacts with the masses, tell the truth, perform actual deeds, actively solve problems and difficulties for PLA units and their cadres and fighters, and be a good example of serving the troops wholeheartedly. Fourth, it is necessary to strictly abide by party discipline, state laws, and army discipline; uphold principles; distinguish clearly between right and wrong; not seek private interests; conscientiously resist being corrupted by unhealthy tendencies; and be a good example of setting strict demands for ourselves and improving party style. Fifth, it is necessary to promote unity between higher and lower levels and among comrades; cooperate closely with the General Staff Department, the General Logistics Department, and the Military Commission's Discipline Inspection Commission; trust and support all PLA units; take the initiative to consult the central and local departments concerned in work; establish good internal and external relations; and be a good example of considering the interests of the whole and stressing unity. He urged all departments, organizations, and comrades of the General Political Department to act in accordance with the five requirements and conduct a contest in the General Political Department to see who is doing better in these five respects.

PLA Air Force Improves Training Programs
OW312140 Beijing Domestic Service in Mandarin
1030 GMT 24 Jan 88

[Text] The PLA Air Force has continuously strengthened military training in the course of carrying out reforms, and also improved the quality in conducting training. It has made remarkable progress in enhancing overall combat capability and raising the educational standards of the Air Force academies. In carrying out military training, the PLA Air Force has adhered to the guiding principle of carrying out military reforms, raising efficiency in training, making steady progress, and ensuring safety. In 1987, the entire Air Force fulfilled its annual flying plans by 101.7 percent. New pilots in the air corps have basically completed their training programs on schedule, while veteran pilots of the air combat corps are generally qualified for flying in three different weather conditions. The Air Force has revised the various programs according to the new standards for combat corps and training corps. Right now, nearly half of the flying corps have met the requirements for Class A combat corps, and three quarters of the training corps have met the specified standards. In training cadets, the various Air Force academies have strengthened their basic training with emphasis on the training of qualified personnel. About 53 percent of the several thousand cadets who graduated have received college educations. All flying cadets are trained in the same way as college undergraduates. Many flying cadets who have graduated are qualified to fly under three different weather conditions. Some of them are even qualified to fly under all weather conditions.

Political Work Continues Among PLA Units
OW020353 Beijing Television Service in Mandarin
1400 GMT 27 Jan 88

[From "Late News" program]

[Text] While rapidly developing a commodity economy, how can we overcome negative factors and increase positive factors in the work of the grass-roots units? The PLA General Political Department recently held a meeting on exchanging experience in the building of grass-roots units. According to the meeting, it is important for us to bring into full play the fighting bastion role of primary party organizations while persisting in reform and opening to the outside world.

Most of the units directly under the General Political Department are tasked with serving the troops and providing news, books, literary and art programs, sports, and other services. The role of primary party organizations will be more important if editors, reporters, actors, and athletes in army uniform are expected to do a good job.

In the last few years, the party organizations at various levels have unfolded political, ideological work in various forms and helped the troops understand the correct

relationship between personal interests and the interests of the people. In the course of serving the troops, they encourage the troops to strive to improve themselves. They have improved the work in all fields.

Import, Export Tariffs Readjusted 1 Feb
OW011254 Beijing XINHUA in English 1239 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—Today China announced new tariff rates on 47 import and five export commodities.

According to Zhou Fuji, head of China's General Customs Administration Tariff Department, "the latest readjustments were made so tariffs would be more in line with domestic and international market prices."

"By readjusting tariff rates, we are trying to protect domestic industries, structure consumerism, and keep up with foreign trade demands," he said.

Of the 47 import commodities, which include industrial and chemical materials, machinery and electrical appliances, only the tariff on natural latex and diamonds went down.

"China's demand for natural latex and diamonds greatly exceeds domestic supplies," Zhou said, "so by lowering these tariffs, imports of these materials will be encouraged."

The highest tariff increases were on photographic chemicals and equipment, bicycles, automatic telephone switchboards, air conditioners, refrigerators, and washing machines.

"Some domestic manufacturers have just entered the market and need help, so China's consumerism structure needs to be better organized," Zhou explained, adding most products effected by higher tariffs are high-energy use luxury items of which imports should be controlled.

Exports of bone dust and nickel, which used to be tax-free, will now be charged a 40-percent tariff, because these materials are in short supply and their export needs to be limited.

The existing 30-percent export duty on raw silk will be dropped to encourage more exports and make up for losses experienced by export manufacturers as a result of high domestic prices.

"These tariff readjustments might worry or cause losses to some enterprises," Zhou said, "but they are necessary and should have a positive, overall effect on structuring China's macro-economic control and boosting foreign trade."

1987's Economic Development Trend 'Good'

OW010846 Beijing XINHUA Domestic Service
in Chinese 0714 GMT 28 Jan 88

[By reporter Xu Yaozhong]

[Text] Beijing, 28 Jan (XINHUA)—Many facts show that 1987's economic development trend was good. The main indicators of the good trend were a comparatively normal growth rate, remarkably enhanced vigor in enterprises, and progress in overall control.

The growth rate was comparatively normal. According to preliminary statistics, the 1987 GNP was 1,080 billion yuan, up 9 percent from 1986; society's total rural product was expected to exceed 895 billion yuan, up more than 12 percent from 1986; and the total industrial output value exceeded 1,000 billion yuan, up 14.6 percent. Such growth rates are no doubt quite high. Are they normal? If we compare them with 1985's excessively rapid economic growth, we may see that there are five clear differences: First, while the 1985 ultra-high growth rate was made possible by a large quantity of imported raw and processed materials, imported industrial raw materials were drastically reduced in 1987. Second, electric power supply shortages were eased in 1987 as annual power generation reached the highest rate in recent years, increased by 10.7 percent over 1986, and basically kept pace with the increasing industrial production. Third, more products were marketable. Fourth, the currency in circulation did not increase. Fifth, the economic results were good. Output value of state-owned industrial enterprises covered in the state budget increased, as did their retained profits and the profits and taxes delivered by them to the state.

The vigor of enterprises has been remarkably enhanced, and the situation of enterprises decided the overall situation of industry. Last year a breakthrough was made in the contracted managerial responsibility system, and 75 percent of the industrial enterprises covered in the state budget were allowed to practice this system. The contracted managerial responsibility system has strengthened the operational mechanism of those enterprises. Especially if the right to practice the system is won through open bidding, the system will directly link the interests of the enterprises and their managers and staff members and workers with economic returns; yield both pressure and motive force; and give everyone a stake in the economic results. More enterprises are relying on themselves to solve their problems, tap potential, and look for markets. The system has also enhanced the ability of enterprises to develop new technology and products, promoted their technical progress and their readjustment of the product mix, and enabled many enterprises to produce more famous-brand, good quality, and marketable goods that are in short supply, as well as more goods for export.

Progress was made in overall control, and unexpectedly good results were achieved in three respects. First, the scale of capital construction was initially brought under control, thanks to some drastic measures to deal with the situation, such as the implementation of the "three-guarantee and three-restriction" policy and the issuance of bonds for major construction projects. In 1987, although more money was invested in the fixed assets of state-owned enterprises, the actual volume of construction was about the same as that of 1986 because of the price factor. The investment in fixed assets for all of society did not increase much either compared to the previous year. Next, the demand for consumption was somewhat curtailed, and the increase in the wages of the workers and staff members was much lower than the increase in 1986. Third, the currency in circulation was basically under control, with increased currency kept under a planned ceiling.

This shows that the 1987 industrial growth rate was comparatively normal. The 1987 economic situation was precisely like what a central leading comrade said recently: The situation is not bad, less currency is in circulation, enterprises have been invigorated, progress has been made in overall control, and microeconomic activities have been enlivened. As long as we adhere to the policy of stabilizing the economy and deepening the reform and further implement the contracted managerial responsibility system among enterprises this year, our national economic situation will surely become even better.

RENMIN RIBAO on Updating Market Concept

HK010845 Beijing RENMIN RIBAO in Chinese
15 Jan 88 p 5

[Article by Zhao Xiaomin (6392 2400 3046) and Jia Lurang (6328 1462 6245): "Update the Market Concept, Deepen the Market Reform"]

[Text] An important aspect of China's economic restructuring is to develop the socialist market and to improve the market system.

The practice of China's market reform over the past 9 years proves that the general principle of "invigorating the domestic economy and opening up to the outside world" formulated by the 3d Plenary Session of the 11th CPC Central Committee, and the reform direction and objectives of developing the socialist planned commodity economy put forward by the 3d Plenary Session of the 12th CPC Central Committee are entirely correct. They enable people to seek truth from facts, to emancipate their minds, to cast off the yoke of the force of old habits, and to gradually foster a new concept suited to modern commodity economy and modern science and technology. They also enable people to proceed from reality, to overcome the influence of "leftist" ideas, to discard the numerous outdated concepts formed under the traditional structure, to rectify their dogmatic understanding of Marxism, and to discard the numerous

so-called features and assessment criteria attached to the socialist system, thus bringing about a brand new situation in market theory and practice. Breakthroughs Made in Market Theory [subhead]

For a long time China's socialist market has been fragmentary and strongly characterized by small production. In addition to such fundamental causes as the low level of productive forces and the underdeveloped commodity economy, this also has something to do with the fact that the many outdated concepts formed under the traditional socialist theory and the traditional economic structure have shackled people's minds. The growth of the socialist market system over the past few years is also in the process of discarding traditional concepts and making breakthroughs in market theory.

First, we have discarded the natural economic concept derived from the traditional theory that circulation is nonexistent in socialism. According to traditional socialist theory the establishment of the socialist system means the demise of the relationship between commodity, and currency and the entire society has become a big factory. For its economic operational pattern a unified social center directly determines the proportion of goods produced by the society, directly regulates the social division of labor and, on this basis, establishes a direct link between production and demand thus excluding commodity exchange and circulation from the socialist economic operations. Under the influence of this traditional theory, in previous economic theory studies people likewise held that commodity exchange does not exist in the ownership by the whole people system and that it only exists in different systems of ownership or collective ownership. With the development of productive forces and the rise in the socialist public ownership level, the system of collective ownership makes a transition to the ownership by the whole people system and the commodity exchange is bound to be replaced by gratuitous allocation. As a result not only is commodity circulation regarded as incompatible with the socialist system of ownership by the whole people but the circulation and the development of productive forces under the socialist system are also regarded as antagonistic to each other, with one rising as the other falls. Due to the influence of this theoretical concept, plus the existence in our practical economic work of the long-standing and serious inclination to regard production as more important than circulation, the circulation organizations and facilities have lagged far behind the needs of production development. As we all know exchange, or exchange as a whole, namely, circulation, is the outcome of social division of labor and the socialization of production. Given the commodity economy, the economic links established between various economic bodies under the principle of exchange at equal value serves as a basis for socioeconomic operations. With the development of social division of labor and the rise in the socialization level of production, cooperation through exchange between urban and rural areas, departments, localities, and enterprises becomes more frequent and closer. It can be said

that the fundamental feature of socialized mass production is the expansion of circulation. Since the 3d Plenary Session of the 11th CPC Central Committee, in line with the requirement to develop the socialist commodity economy, the Party Central Committee has on numerous occasions put forward the need to change the old habit of exclusively grasping production at the expense of circulation. We should say that the successes China has scored in economic reform and construction over the past 9 years are inseparable from its efforts to strengthen, attach importance to, and invigorate circulation.

Second, we have discarded the outdated concept of equating market with capitalism. The traditional concept regards the market as a synonym for anarchy and an alien to socialism, holding that the introduction of the market mechanism will certainly undermine the socialist economy. In fact, the market is the sum total of the commodity exchange relationship. It comes under the economic category linked to the commodity economy. Where there is commodity production, there must be a market, and the market is not characteristic of capitalism. In socialist society, because socialist production is socialized mass production and because there exist economic bodies with different interests, it is also necessary to develop commodity economy and markets. Only through markets is it possible to coordinate the interest relationship between various economic bodies and arouse the initiative of enterprises and laborers, thus stimulating socialist production. The socialist and the capitalist markets have only some similarities in form but they are totally different in essence. On the whole, the socialist market is based on public rather than private ownership of the means of production and, far from being characterized by blindness and anarchy, the socialist market operates under the guidance of state planning. Under the socialist system, capitalism does not have the socioeconomic conditions to develop freely. The development of the socialist market is conducive to the rapid development of social productive forces. It will not deviate from the socialist orientation or lead to capitalism.

Third, it has discarded the outdated concept of setting planning against the market. For a long time, we always held theoretically that socialism engages in a planned economy while capitalism engages in a market economy and that planning and market repel one another. To develop the market and bring into play the role of market mechanism, it is necessary to negate the socialist planned economy; to strengthen planned management, it is necessary to restrict the role of the market and the market mechanism. As a result, all economic activities were chiefly arranged from top to bottom through mandatory planning filled with indexes for material products. They were transmitted through administrative organs from one level to another. Since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has repeatedly stressed the need to correctly handle the relationship between planning and market, pointing out that it is necessary to gradually reduce the

scope of mandatory planning and extend the scope of guidance planning and regulation by market mechanism. It also stressed the application of the law of value in mandatory planning. This is completely in keeping with the objective demand of the socialist planned commodity economy. It enables people to understand that under socialist conditions, planning and market form a unity instead of repelling one another. The modern commodity economy, which is based on socialized mass production, is different from the small commodity economy, which is based on the natural economy. The market is by no means a place for simple commodity exchange but a center where commodity producers, dealers, and consumers fuse extensive socioeconomic links under the principle of exchange at equal value. Neither is planning merely something by which the state directly transmits from top to bottom indexes for the production and distribution of material products. It is something by which the state or the relevant socioeconomic organs consciously regulate and guide economic and social development in line with the requirements of the objective economic law. The role of planning mechanism and market mechanism pervades the entire socioeconomic life. The unity of planning and market is the objective requirement of the socialist planned commodity economy.

Reflections on Deepening Market Reform [subhead]

While fully affirming the successes we have scored in market reform we should also note that the socialist market has not developed quite satisfactorily and perfectly. For example, in the development of socialist market there are still barriers or blockades between different departments or regions; in reducing the variety and scope of goods and materials under planned distribution there are cases which show that the local authorities or departments tightened controls over what had been relaxed by the central authorities; the capital circulation structure is not coordinated with the material circulation structure and the total investment amount, as well as the investment pattern, does not suit the supply capacity and pattern of commodity and other goods; the leading role of state-run and cooperative commerce does not match the development of collective and individual commerce in urban and rural areas; the existence of the double-track price system has obstructed market development; the "umbilical cord" between the state and enterprises has not been severed and the enterprises have not reacted quickly to market information; the market management is imperfect leaving many loopholes in the circulation field; market order is rather chaotic and market behavior is not standardized; and so on.

In light of the principal problems in China's market development we hold that in the short-term market reform we should chiefly tackle the following issues:

First, continued efforts should be made to reform the pricing system and price control structure and to transform the price pattern. In the market coordination

mechanisms the price sends signals most effectively and sensitively on changes in supply and demand. A rational pricing system serves as a basic condition for enterprises to engage in competition on an equal basis. In recent years, we have conducted some reforms on the irrational pricing system and price control structure. However, the existing prices reflect neither value nor conditions in supply and demand. They have not completely solved the problem. The implementation of a "double-track system" on the prices of major agricultural and sideline products and capital goods has not only derailed one track, which is planning, but also seriously twisted the other, which is the market. The competence of price control is still too concentrated. In particular, the powers of enterprises to fix prices have not been defined. On condition that it is permitted by the state finance and the people's capacity to withstand strains, and that the general price level does not greatly fluctuate, we should promote price reform in accordance with the principle of making readjustments, relaxing controls, and combining relaxed controls with readjustments. We should strive to create the necessary conditions to gradually transform the price pattern, to change from the "double-track price system" to a "single-track price system," to apply market prices under the guidance of state planning, and to bring into full play the role of price as a lever in regulating production and circulation.

Second, further efforts should be made to reduce the scope of mandatory planning and to extend the scope of guidance planning so that the role of market mechanism can be brought into full play. Here, particular attention should be paid to resolutely rectifying the abnormal situation in which the departments and local authorities increase the variety or extend the scope of commodities under planned management, and the local authorities tighten controls over those commodities the central authorities have relaxed. Due to various factors such as shortages of resources, some commodities and materials are still placed under planned management and distribution. On the basis of developing production and increasing supplies, and with the easing up of the contradiction between supply and demand, we should vigorously create the necessary conditions, adopt the method of relaxing controls over one commodity (category of commodities) when the conditions are ripe, and gradually apply guidance planning and market regulation. Naturally, we should take a prudent attitude in relaxing controls over capital and consumer goods in short supply, particularly those products that have a close bearing on the people's living standards, lest some unfavorable phenomena should appear such as panic buying, fraudulent purchase, and the jacking up of prices.

Third, it is necessary to improve the circulation organizations and strengthen the state's capability to regulate the market. The state commerce and the goods and materials departments, which serve as the main body in China's commodity market, are the forces on which the state relies to effectively regulate the market. Because some reform measures have not been well coordinated

with each other, and because there are defects in our structures, the state commerce and the goods and materials departments seem to lack competitive power, have poor initiative, yield poor results, and make slow responses to market activities, where numerous economic sectors exist side by side and compete fiercely with one another. For this reason the state should create conditions in terms of taxation, credit, and price for the state commerce and the goods and materials departments to compete on an equal basis. Meanwhile, it is necessary to start increasing their internal operational vitality and to deepen the reform of the circulation structure so that the state commerce and goods and materials departments, and the supply and marketing cooperatives, genuinely have a strong desire and motivating force to develop and improve themselves. Moreover, as China is vast in territory and complicated in natural conditions, and because there is fierce market competition, it is inevitable that for a certain period a situation should occur in which the market conditions for certain commodities deteriorates to such an extent that the state commerce and the goods and materials departments find it difficult to stabilize them through normal operational activities. For this reason, the state should set up market regulation funds and build up reserves for important commodities. Should the market deteriorate unexpectedly the state will be able to use these funds and reserves to: Buy up or sell commodities through the state commerce and the goods and materials departments; regulate supply and demand; stabilize market prices; protect the interests of producers and consumers; and to bring the state role in regulating the market into play.

Fourth, it is necessary to step up development of the legal system and to improve market management. The development of numerous economic forms, circulation channels, and operational methods in China's market and circulation fields over the past 9 years represents a great impetus to, and a major breakthrough in, the previous situation characterized by state commerce monopolizing everything and the rigid market. However, due to our failure to work out the necessary management legislation, not only do the phenomena of irregularity and disorder exist in large numbers in market behavior but the interests of the producers and consumers have also been infringed upon in some respects. For this reason, it is necessary to step up the development of the legal system, to strengthen effective controls over the market by the necessary legal, administrative, and economic means, and to standardize and regularize market activities and the behavior of economic bodies so as to stimulate the normal development of the market in good order.

Commentary Discusses Contract System Adoption
HK011550 Beijing RENMIN RIBAO in Chinese
22 Jan 88 p 2

[Commentary by RENMIN RIBAO reporter Ji Hong-geng (6060 3126 6342): "Contract System To Be Adopted in an All-Round Way in Foreign Trade This Year"—passages in boldface as published]

[Text] In the past people often described the old economic system as "crabs in a basket gripping each other." This was also the case in the foreign trade system. At the beginning of the new year, Zheng Tuobin, minister of Foreign Economic Relations and Trade, discussed further development of China's foreign trade and the necessity of implementing the contract system in an all-round way. This is an important step taken in the reform of the foreign trade system since we implemented the open policy 9 years ago, he said.

Last year China achieved gratifying successes in foreign trade. Exports, which outstripped imports, increased by around 30 %, ending the unfavorable balance of foreign trade of 3 years running. Nevertheless, Zheng said that China's exports account for only 1.5 % of the volume of the world's total export which does not match China's position and economic development. We have no reason to be satisfied. Unless we actively take part in international exchanges and competition and occupy a due position in the international market, it will be impossible to make China strong and prosperous. To occupy a proper position in the international market, the existing foreign trade system is incompatible with the rapid development of foreign trade.

The system must be reformed Zheng Tuobin said that the reform of the existing overcentralized foreign trade system is now imperative as it has hindered the initiative of the localities and enterprises.

Indeed the international market is fast changing. When you are sure of what to import and export, you should immediately clinch a deal. If you wait for approval from the higher levels which may cause a delay, you are bound to miss the opportunity. Since the implementation of the open policy, the foreign trade system has undergone some reforms such as extending operational decision-making powers to localities and transferring some export commodities to the lower levels. Now there are more than 1,000 large enterprises that can directly trade with foreign clients and businessmen. However, when opening up is stressed, everyone itches to have a go. Some force up commodity prices, while others cut their prices to market their commodities. They enter into rivalry which results in undermining each other's foundation and benefiting the third party. When restriction is stressed, barriers are erected everywhere, powers are overcentralized, and the situation is apathetic. The repeated cycle of "opening up leading to confusion and restriction leading to rigidity" is really a headache. Where does the crux of the problem lie?

Zheng Tuobin believes that the main reason is: The system of the state assuming responsibility for both profits and losses implemented for a long time in foreign trade; everybody eating from the big pot of the state; the measures adopted to lift restrictions on operation were not based on assuming sole responsibility for profit and loss, and the failure to integrate responsibility with powers and benefits.

Probably we can still remember the rabbit fur, eel fry, dried sweet potato, ramie, and lobster wars that broke out one after another over the past few years. How come there were so many wars? Apart from some special reasons, the main problem was that we stressed lifting restrictions on operation, but ignored assuming sole responsibility for profit and loss. When a commodity is in short supply in the international market, people vie with one another to purchase even at high prices. Once the international market is depressed, they stop purchasing the commodities or sell them at low prices, thus leading to confusion and incurring losses for the producers, operators, and the state. When we assume sole responsibility for profit and loss, enterprises will have to work out accounts and attain better economic results. Although the "wars" cannot be totally abolished, we can at least avoid forcing up commodity prices and panic purchases.

The starting point should be high The contract responsibility system in operation will be implemented in an all-round way in foreign trade this year by introducing the contract system which proved effective in the reform of the agricultural, industrial, and commercial systems to foreign trade. The main contents include: The localities contracting the base figure of foreign exchange earned through exports and foreign exchange to be turned over to the state. If they can exceed the base figure, they may retain a portion. Then the localities assign tasks to enterprises at the grass-roots levels. Consequently, we can integrate responsibility with powers and benefits. By extending the competence of localities, on the one hand, they can conveniently carry out import and export trade; and on the other hand, they shoulder greater responsibility. Hence, they will act according to the laws governing the economy and condition their behavior with economic methods.

"In doing this, the localities will have to take risks." This is indeed true. We cannot carry out reform and the contract system without any pressure and risk. However, pressure can become a motivating force, spurring us forward. By implementing the contract system in foreign trade, we can speedily realize the orientation of "giving foreign trade enterprises full authority over management and full responsibility for profit and loss, ensuring better coordination between industry and foreign trade, and eventually leading to a system whereby foreign trade corporations can act as agents for other enterprises in the export of their commodities" as pointed out by Comrade Zhao Ziyang at the 13th party congress and create conditions for attaining this general goal. In this way we can solve many problems encountered in the past by coordinating the contract system with China's current horizontal financial system and also coincide with "contracting," a prominent word in China's economic structural reform as a whole. We should fully estimate the risks arising from contracting, make a careful study of its feasibility, and adopt relevant countermeasures. Moreover, we should also be aware of the immense potentials arising from contracting and the benefits it will bring to

the localities. We should have our eyes on the future, on tapping latent potentials, and on opening markets abroad. With the all-round implementation of the contract system, a favorable trend will inevitably appear in foreign trade throughout the country including the coastal areas.

How are the relations between the coastal areas and the interior? The interior constitutes the backup to the coastal areas. When everyone has attached importance to economic results after contracting, it can promote rational distribution of labor between the coastal areas and the interior and give full play to the advantages in every respect. It can also promote cooperation between the coastal areas and the interior. The leading comrade of the Foreign Economic Relations and Trade Ministry pointed out that contracting by the departments does not mean erecting barriers between themselves or cutting off the connections between the coastal areas and the interior. Instead, the coastal areas should cooperate with the interior and lead the interior to the international systematic circulation and to the world on the premise of attaining better economic results and giving consideration to the interests of both sides. All provinces, municipalities, and autonomous regions are required to earn more foreign exchange by increasing exports. In this regard, all localities have latent potentials. They should make the most of their advantages, develop characteristic industry and leading export commodities that can earn more foreign exchange, open up the international market, and increase exports.

The change of functions After implementing the contract system in foreign trade in an all-round way, the functions of the import and export corporations will change remarkably. Apart from undertaking the responsibility of operation of the export commodities stipulated by the state, the corporations should also follow the example of the China Chemicals Import and Export Corporation approved by the State Council, turn themselves into comprehensive, multifunctional, international enterprises, vigorously open up the international market, and extend their information and sales network. Under the principles of independent operation, assuming sole responsibility for profit and loss, and voluntary participation and mutual benefit, the corporations should maintain necessary relations in vocational work and establish various forms of economic ties with their local branches.

Zheng Tuobin emphatically pointed out: No matter how the foreign trade system is reformed, the contracts signed by the corporations and foreign clients should be strictly executed. The old clients and channels are still necessary so we should continue to give full play to their role. In this regard, we hope that our foreign clients will rest assured.

Does it mean that the burden of the Foreign Economic Relations and Trade Ministry has been alleviated? Zheng Tuobin replied: "As a functional department

under the State Council, the burden of the Foreign Economic Relations and Trade Ministry has become heavier following the implementation of the contract system in foreign trade in an all-round way. Management work should be enhanced after the implementation of the contract system at each level, otherwise, we will backtrack. In the past the Ministry of Foreign Economic Relations and Trade exercised direct management over the import and export corporations. These corporations were enterprises, but they also had administrative functions. Consequently, the duties of government administration and enterprise management were not clearly defined. Following the separation of government administration from enterprise management through reform, the Ministry of Foreign Economic Relations and Trade could extricate itself from the unnecessary routine management affairs and focus its attention on working out strategic plans and policies for developing foreign trade and strengthening macrocontrol. The implementation of the reform plan will inevitably give rise to new problems. The Ministry of Foreign Economic Relations and Trade should not lower its guard, but should discover problems, promptly sum up experience, and try to find out a set of macrocontrol methods that can ensure fulfillment of the state quotas and foreign exchange earnings and also fully arouse the initiative of the localities and enterprises.

It is a major task of China's economic structural reform in 1988 to accelerate and deepen the reform of the foreign trade system. According to analysis by observers, the industrial structure of the world's economy is now undergoing a second readjustment. Some labor intensive products are flowing to the countries and regions where labor is cheap and are produced there. China has precisely this advantage of abundant labor resources so the situation is to our advantage. The industrial structure of the world's economy underwent the first readjustment from the late 1960s to the early 1970s. While China let slip the golden opportunity owing to the "Cultural Revolution," some countries and regions in Asia rose abruptly. People say that we should not miss the opportunity again. The major breakthrough in the management system of foreign trade will inevitably promote the rapid development of China's foreign trade and enable us to make the most of the international systematic circulation to accelerate the pace of our modernization program.

High Technology 'Crucial' to Development
HK010919 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 1 Feb 88 p 4

[By staff reporter Qu Yingpu]

[Excerpts] A slow but persistent tortoise wins a running contest against a hare who was fast, and arrogant, but stopped to rest and fell asleep halfway through the race. Such fables from both Chinese and Western cultures have influenced people for thousands of years to be slow but sure.

But unlike in the fable, in today's world, the hares are no longer asleep, and slow, steady progress by tortoises such as China will never catch up. The only way out of this losing race is for China to develop its own high-technology, the fundamental element in modern development.

High-tech development requires a lot of research funds and a lot of talented people. This mainly includes research into new forms of energy, genetic engineering, new materials, industrial automation, and space technology.

To show how fast high-tech is developing, 90 percent of all human knowledge in physics, chemistry, biology and engineering was achieved in the past 30 years, said Deng Shoupeng, a researcher at the State Council's Research Centre for Economic, Technological and Social Development.

Deng described the reasons for the rapid development of high-tech as follows:

He said China first reacted to the world "high-tech revolution" in 1983 when it recognized that a new age was upon it.

The Chinese Government issued a document entitled "Policies in Reaction to the New Technical Revolution." Thereafter, the country started research into data processing, genetic engineering, space, new materials and other high-tech areas.

Deng said the results of this research in recent years have been encouraging. The country made a Milky Way computer capable of 100 million calculations per second. It successfully launched several communications satellites and other geo-stationary satellites and other geo-stationary satellites.

It produced high-precision earth scanning equipment for satellites, electron accelerators, equipment for controlled nuclear fusion and a computerized on-line system for Chinese-language newspapers capable of world processing, page design and laser printing. Research results also include industrial robots, better seed strains and laser equipment for use in hospitals to treat cancer and other diseases.

China can now produce more than 300 types of advanced integrated circuits. Computer technology is being used for prospecting oil, census taking, transferring information electronically and predicting the financial status of tens of thousands of enterprises.

Since it first successfully launched a communications satellite in 1985, China's space technology is recognized worldwide. Following the failures of rocket launches in the United States and France in the past two years, more and more countries have turned to China to launch their commercial satellites. [passage omitted]

China's per capital GNP ranks 120th among all countries and regions in the world. This is even behind many developing nations. If it holds to the traditional way of development, China may even have difficulty competing with many developing countries.

By following the traditional path, China would have to set up an enormous industrial system and become a raw material importing nation instead of exporting raw materials as it does at present. [passage omitted]

The development of high-technology requires large amounts of investment, many qualified scientists, preferential governmental policies, and good research conditions such as advanced equipment and materials.

But compared with the industrialized countries, China is lagging in all four areas.

"The largest possible amount of money China can put into such research is only 2 percent of what the United States spends. In addition, many of the country's best scientists are scattered in many separate industries, and the ordinary technology which is fundamental to the development of high-technology is 20 to 30 years behind that of the major industrial nations," Zhu said.

It is estimated that 80 percent of China's scientists are not working in enterprises which urgently need the latest high-tech developments to improve their products.

In 1986, China's machine-building industry had 270 large enterprises and over 1,000 medium-sized ones, but only 130 have research and development departments of their own. In each of the country's industrial enterprises, money spent on technical research is less than 1 percent of its output value.

China cannot import much technology from the West either.

The developed countries are reluctant to export their high-tech products, which are considered to be classified. So high-tech research has to be done independently, Zhu said.

But since China lacks money and scientists, it has to work out a strategy to guide the course of its high-tech development before the year 2000.

Zhu said China should make the best use of its favorable geographical location and the comparatively advanced technology of the big coastal cities in developing high-technology. Then it will be able to produce more high-tech products for export and provide funds for more high-tech research.

China also needs to speed up its technical innovation to realize the national goal of quadrupling the GNP by the end of the century. This would make available enough funds to launch comprehensive high-tech studies starting from the beginning of the 21st century.

Meanwhile, Zhu said, the central government will give as much funds as possible to help scientists concentrate their research on the high-tech programmes the country has already decided to carry out.

Leasing Firms Increasing Role in Enterprises
HK010915 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 1 Feb 88 p 1

[By staff reporter Ren Haihua]

[Text] Since they first began operating in China seven years ago, leasing companies have played an increasingly important role in upgrading enterprises.

Before leasing companies were allowed to operate in 1981, few people knew about this sort of business. Now factories short of funds for expansion or renovation rely on leasing firms to provide them with equipment. And leasing companies have mushroomed all over the country. They now number more than 200, among which four are considered giants with registered capital of over 100 million yuan each.

Statistics released by two of the biggest firms, China Orient Leasing Co Ltd and China Leasing Company Ltd, show that since 1984 turnover has averaged \$100 million a year, five times the 1981 figure.

Both companies now have branches across the country, offering local enterprises easy access to equipment. They also plan to open offices in Hong Kong and Japan this year.

Because of their service records, the leasing firms have won the confidence of manufacturers. Liang Chengjin, general manager of the No 2 Business Department of China Orient Leasing Co Ltd said: "We used to have to persuade enterprises to lease from us. Now customers ask us to help them."

His company, the first in China and a joint-venture with a Japanese company, spent its first two years explaining leasing to factory and company managers. The results have proved to be satisfactory as more and more enterprises have realized that leasing is an effective alternative to buying equipment.

The leasing companies have bought modern foreign equipment to replace outdated domestic machines. The list includes both light and heavy industries.

Textile and colour television production lines and iron and steel-making equipment imported from Japan, West Germany, the United States, Italy, Norway and Sweden,

are leased to small and medium-sized factories. These upgraded enterprises have become profitable and sell their goods on world markets.

Wang Zhiling, president of China Leasing Company Ltd, said; "Our purpose is to create more export-oriented enterprises. When we help our clients, we provide equipment that will make them competitive internationally."

Last year the companies broke into the international market by leasing Chinese machinery to foreign countries. China Leasing Company Ltd set up an export department to help its customers put equipment up for lease in other countries. China Orient Leasing Co Ltd has rented a cargo ship to a Norwegian firm.

However, the business is not free of obstacles. It is sometimes hampered by unstable foreign exchange rates and soaring raw material prices at home.

"Because the value of the Japanese yen has increased and 60 percent of China's imports used to come from Japan, many enterprises suddenly could not pay their rental fees, causing losses for our company," Liang said.

Labor-Intensive Industry Development Urged
OW020505 Beijing XINHUA in English 0215 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—Development of labour-intensive industries would bring the country great sums of foreign exchange, which would finance the growth of heavy industry and, in turn, the development of agriculture.

This is what some Chinese economists called "grand international cycle" economic theory advocated by Wang Jian, a 31-year-old research fellow at the State Planning Commission, which has recently commanded the attention of the country's top leaders and been reported by the nation's main economic journals.

In the early 1950s, China's capital for the development of heavy industry was extracted from agriculture instead of being accumulated by light industry. "CHINA DAILY" quoted Wang as saying.

As a result, tens of millions of farmers were bound to rural areas. Also, a fairly developed heavy industry, based on very low per capita income and backward and impoverished agriculture, produced a queer polarized economic structure.

Under such circumstance, agriculture and light industry, either squeezed dry or unable to gain enough capital, have lacked the internal driving force to develop soundly.

Both China's strategic goals of modernizing and upgrading the heavy industry and of boosting the township-run industries, service trades and commerce demand huge sums of capital. Both vied for limited financial resources. This is the so-called "clogged cycle of economic elements".

"To find a way out, we have to look outward," Wang said. Taking into account the abundant rural labour force and fairly developed heavy industry of the country, labour-intensive industries should be greatly promoted and the export of their products be much expanded.

The foreign exchange earned in this way would be used to aid the development of capital-intensive and technology-intensive industries. Once upgraded and modernized, the whole heavy industry would, in turn, finance the modernization of agriculture and facilitate the shift of the the surplus rural work force to other trades.

So the rearrangement of surplus farmers is brought into the orbit of international exchanges. Or, the once cut-off relationship between agriculture and heavy industry is bridged by the international market, Wwang said.

There are three major phases of the "international cycle."

In the first, Wang said, financial, material and human resources are to be concentrated on the development of the textile, garment, food, beverage and electrical appliance industries. The coastal areas, better qualified in this respect, are to have priority in this regard.

During this stage, construction of communication facilities, highways and railways in hinterland areas should be strengthened to pave the way for the inland-directed spread of export-oriented industries. The quality of the interior-made goods also should be improved to get them ready for export, Wang said.

Secondly, the interior-manufactured products enter the world market to compete. At the same time, the hard currency earned by labour-intensive products is expected to increase sharply.

During the third state, Wang said, foreign exchange will be largely invested in heavy and high-tech industries. The capital-intensive and technology-intensive products are expected to go into the world market while the export of labour-intensive goods would decline in proportion.

Heavy industry would begin to accommodate great masses of surplus farmers. All this would mark the modernization and sophistication of the country's heavy industry.

Chen Muhua on Loan Policy in Rural Areas
OW020101 Beijing Domestic Service in Mandarin
2230 GMT 25 Jan 88

[Text] State Councillor Chen Muhua and Ma Yongwei, president of the Agricultural Bank of China, invited comrades of concerned departments under the Ministry of Agriculture, Animal Husbandry, and Fishery, the Ministry of Forestry, the Ministry of Water Conservancy and Electric Power, the Ministry of Commerce, and the State Science and Technology Commission to a meeting in Beijing yesterday to discuss how to do banking work well in rural areas this year in order to promote the steady development of the rural economy.

Chen Muhua pointed out: The general credit policy in the rural areas this year is to tighten credit, control the total amount of loans to be granted, readjust the structure in this regard, tap potentials, and raise economic results. Priority should be given to supporting agricultural production, especially the development of grain, cotton, and oil-bearing crops and pig raising.

She said: Credit loans for agricultural purposes can be increased only by making use of bank deposits. Peasants should be guided in using more of their consumption funds for productive purposes. Village and town enterprises should be given more guidance on their development. Credit loans should be granted accompanied by a pledge or mortgage. We should stress support for enterprises earning foreign exchange through export and for the production of marketable, brand name quality goods. Special loans with interest subsidized by the state should be particularly used in supporting poverty-stricken areas and peasant households there to exploit natural resources and develop production.

Co-operatives Help Boost Rural Economy
HK010917 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 1 Feb 88 p 1

[By staff reporter Shen Feiyue]

[Text] China's supply and marketing co-operatives (SMC) have helped boost the rural economy after many years of stagnation.

Last year, both the purchasing and sales volumes of the collectively-owned commercial organizations hit record highs of 101 billion yuan and 165 billion yuan, up 26.8 percent and 17 percent respectively over 1986. Pan Yao, acting president of the All-China Federation of Supply and Marketing Co-operatives, told a national conference held recently in Beijing.

The 3,500 co-operatives have become service and co-ordination centres for developing commodity production in rural areas. Besides supplying industrial products and marketing farm produce, they also provide rural households and enterprises with market information, technology, funds and product processing services.

Co-operative directors from across the country attribute the strong growth in recent years to a series of reforms adopted since 1982, especially the change in ownership.

The supply and marketing co-operatives were formed in the early 1950s with funds pooled by rural households. When the farmers became owners of their land after the land reform, they decided to join together in trading farm produce for industrial products.

Originally, an SMC was a collectively-owned commercial business of, for and by farmers. However, they gradually became affiliated with administrative departments after the formation of people's communes in 1959. Especially during the "Cultural Revolution" (1966-1976), they were "co-operatives" in name only. Finally in 1977, they were changed to State ownership.

The change back from State ownership to collective ownership, which started in early 1982, marked a turning point in the development of the co-operatives. "The reforms have not only won support from the farmers, but gave co-operatives more incentive to improve their service," Pan said at the conference.

When the co-operatives were State-owned, they were the exclusive channel through which the State bought and marketed farm produce. They were not rewarded for profits nor penalized for losses. As a result, the level of management deteriorated and some co-operatives suffered heavy losses.

With the implementation of the family responsibility system and the development of commodity production in rural areas, poorly managed co-operatives appeared to be a bottleneck in the flow of products and produce.

Collective companies and individual shops sprung up in many places, intending to compete with, merge with, or replace the co-operatives.

Faced with this situation, reforms were started in early 1982 to change the co-operatives back to collective ownership. The reforms aimed at giving the co-operatives full power and responsibility over their actions.

Accounts for the original investors were settled and the money was credited to proper shareholders. So far, more than 158 million households, or about 85 percent of all rural families, have invested in the co-operatives.

Meanwhile, the abolition of the State monopoly over rural produce created opportunities for the co-operatives to change their managerial styles and expand their businesses.

After six years of the reforms, the co-operatives have become the most powerful umbrella economic organization in the countryside. Their business has gone beyond traditional limits to include various services needed to promote and facilitate rural commodity production and the flow of products.

The family responsibility system carried out in rural areas since 1978 has produced many specialized households and individual labourers. But most of them were inexperienced and lacked market information and financing.

The co-operatives helped them. They organized producers of a certain product into trade associations and specialized groups. They co-ordinated the trade associations' production and offered them comprehensive services embracing technical instruction, raw material supply, sales, processing, storage and transport.

So far, more than 2,500 specialized co-operatives have been established across the country, they have played an active role in ensuring ample supplies and better quality farm produce.

Meanwhile, the co-operatives have set up 35,000 processing plants in a bid to increase the value of farm produce. Their annual output value hit 16 billion yuan last year. Many products have been exported to other countries.

The co-operatives, with a nationwide network and strong financial resources, are supporting the development of rural industry and commerce. The co-operatives provide rural enterprises with market information, raw materials and sales opportunities. They organize wholesale co-operatives to help collective and individual shops which are short of funds.

The co-operatives have adopted various forms of joint operations in marketing farm produce. many co-operatives have set up joint ventures with urban wholesale and retail enterprises to increase sales. The 820 grass-roots co-operatives in 40 counties neighbouring Beijing and Tianjin have established trade relations with enterprises in the two cities to supply vegetables, fruit, pork, egg, food and edible oil.

Such a practice has proved to be beneficial to both sides in that consumers get fresh farm produce while farmers earn more.

The co-operatives have also set up more than 2,000 trade centres and wholesale markets in collaboration with production areas and urban commercial enterprises. Such trade centres have also attracted urban industrial enterprises who promote various industrial products and foodstuff.

Some co-operatives have created joint ventures with their counterparts in other provinces to expand the exchange of goods. The 15 county co-operatives in Sichuan, Gansu and Shaanxi Provinces have united to establish the Chuan-Shaan-Gan Trade Company. The company's turnover reached more than 20 million yuan in the first nine months of last year.

Co-operatives in Jiangsu Province have established more than 4,600 joint ventures with different departments inside and outside the province.

In the supply of industrial products to the rural market, most co-operatives have abandoned the old system of depending on State wholesale enterprises and developed direct relations with industrial enterprises.

Co-operatives in one or more counties jointly buy manufactured goods from factories and sell them at wholesale prices to grass-roots units.

At the conference, Pan Yao urged the co-operatives to bring their leading role in the rural economy into full play and do more to help stabilize the country's economy.

The federation is considering forming a national trade centre for farm produce with participation from trade centres in different provinces and cities, Pan said.

The centre will release information about domestic and international farm produce markets, and organize a nationwide trade fair to form a futures market for farm produce.

The centre will also act to regulate the supply and demand of farm produce and help to develop production bases, Pan said.

He also asked the co-operatives across the country to expand the processing industry and send industrial products to rural areas.

Article Urges Slower Industrial Growth

*HK011506 Beijing JINGJI RIBAO in Chinese
20 Jan 88 p 2*

[Article by Qiu Xiaohua (6726 2556 5478) and Yan Kalin (7051 0595 2651): "Excessive Industrial Growth Will Aggravate the Imbalance of the Industrial Structure"]

[Text] Over the last few years, the expansion of investment and consumption as well as fluctuations in grain and cotton production have been a headache to many people. However, a delicate change has taken place recently. From data collected by the State Department concerned last week, we can see the following three points: 1) Last year the growth rate of investment in fixed assets throughout the country dropped a little as compared to that in the previous year, but problems in

the investment structure were not properly resolved. Of the 10 billion-yuan construction bonds, only about 70 % was sold, and extrabudgetary investment kept rising. 2) The increase in consumption demand slowed down a little, but the income of two-fifths of the people in cities and towns dropped whereas the consumption of social groups rose by 19 % over the previous year. 3) Grain and cotton production rose but did not reach the 1984 level. In addition, pig output was not stable and the production of sugar-bearing crops continued to fall. This situation indicates that the overheated climate is beginning to cool down and agricultural production is beginning to change. However, there are still serious structural contradictions, more serious than we expected.

It is not strange that some contradictions have arisen in our economic life, but the problem is that we should have a full understanding of the harm brought about by structural contradictions. We should be aware of these facts: The contradiction between the expansion of extrabudgetary investment and the shortage of construction funds has stimulated the growth rate of aggregate social demand and aggravated the imbalance of the industrial structure; the contradiction between the rapid increase in the consumption of social groups and the drop in the income of some citizens has led to a higher consumption demand and affected the people's livelihood; and the contradiction between the production of and demand for agricultural and sideline products has aggravated the shortage of supply of consumer goods related to agricultural and sideline products and thus led to an overall shortage of supply in the market. All this is quite unfavorable for stabilizing the economy, and prices in particular.

Above all, structural contradictions will also seriously hamper the deepening of reforms. Because of the sharp contradiction between supply and demand, it is difficult to control price rises. On the one hand, reforms will lack the necessary environment for their smooth development; and on the other, the shortage of supply will possibly intensify the role of the old system, weaken the role of the new system, and give rise to a situation in which macroeconomic control will be biased toward administrative interference. All this will cause setbacks to reforms.

Why have structural contradictions deteriorated? Paying attention to regulation by market mechanism in rural reform to the neglect of the necessary regulation by planning mechanism, focusing financial reform on ending the monopoly of revenues without breaking the monopoly of expenditures, and the application of a "single solution to diverse problems" have all led to the deterioration of structural contradictions. But the fundamental cause has been the excessive growth of industry. The central authorities stressed at the beginning of last year the necessity of developing the economy on a stable basis, with a growth rate of 8 %. But the actual growth rate proved to be 16 %, twice the planned figure. First, this excessively rapid growth resulted in a large

increase in extrabudgetary investment, which, naturally, affected the construction of key projects. Second, it also caused inflated credit as well as the shortage of finance, raw materials, energy, and transportation facilities. The shortage of supply brought about price increases, and the increase in the prices of capital goods caused the prices of consumer goods to rise. As a result, prices in the market rose in waves and the people's livelihood was affected. Third, it also led to an increase in administrative spending, in service charges, and in the consumption of social groups. Fourth, it gave rise to a situation in which industry contended with agriculture for production funds, labor, and resources. Fifth, the excessively rapid growth of industry far exceeded the supply capacity of agriculture, thereby aggravating the contradiction between the demand and supply of agricultural and sideline products and accelerating price rises. Price rises in 1987 resulted from the shortage of agricultural and sideline products, and of grain in particular. The increase in the price of agricultural and sideline products was, to a large extent, an outcome of the excessively rapid growth of industry, and of the processing industry in particular.

Thus it can be seen that the excessively rapid growth of industry has had a number of repercussions and is the crux of the tight economic situation and price rises. It is also the root cause of all the structural contradictions. Therefore, in order to continue to cool down the overheated climate and fundamentally stabilize the economy and prices, we should proceed from alleviating structural contradictions and make up our minds to slow down the excessive industrial development.

Article on Scientific Socialism Study

HK300630 Beijing GUANGMING RIBAO in Chinese
4 Jan 88 p 3

[Article by Zhang Shigu (1728 1709 6253): "Open Up New Fields in the Study of Scientific Socialism"]

[Text] Abstract: This article holds that studying the evolution from traditional capitalism to modern capitalism and the evolution from traditional socialist theory and pattern to modern socialist theory and pattern constitutes a new domain in the study of scientific socialism and is a task of top priority for scientific socialism. This is because the founders of socialism and the early great masters of socialism did not provide any ready-made answer for the capitalism and socialism we are facing. [end abstract]

In his report to the 13th CPC National Congress, Comrade Zhao Ziyang points out: The new requirements of the development of our times "require Marxism to widen their vision, develop new concepts, and enter a new realm." We must understand this idea in real earnest to open up new spheres in the study of scientific socialism. Generally speaking and in a macrocosmic sense, these new spheres can be summarized in the following two major points.

The first point is the evolution from traditional capitalism to modern capitalism. To acquire a clear understanding of scientific socialism, it is absolutely necessary for us to bring to light the historical laws governing the development of human society from capitalism to socialism and communism, expound the proletarian cause of struggling for the emancipation of all humanity, and study capitalism. The capitalism we are facing is entirely different from the capitalism of the era of free competition prior to the end of the 19th century and the monopoly capitalism that appeared after the late 19th century. It is a capitalism following the third technological revolution, a capitalism in which the state directly holds monopoly capital and state monopoly capital is combined with private monopoly capital, and a capitalism in which international monopoly capitalist alliances work together. This capitalism has brought about numerous major changes we cannot afford to ignore to the social life of Western countries and even to the international community, thus creating a new environment and new conditions for the emancipation cause of the working class and the laboring people in the capitalist world and also affording a new opportunity and challenge to the development of socialist countries. However, the founders of scientific socialism and the early great masters of socialism did not provide any ready-made answer for the problem; it would also have been impossible for them to do so.

In the realm of modern capitalism, there are two characteristic phenomena worthy of study in particular. First is the developed capitalist countries and state monopoly capitalism, which include many problems such as different shapes and features of state monopoly capitalism, the state functions and mechanisms of regulating social and economic life, the relationship between state monopoly capitalism and technological revolution, the position and fate of the working class under the conditions of state monopoly capitalism, the classes and social strata in the present-day developed capitalist countries, the role and development of international monopoly capitalist alliances in the capitalist world, the relationship between the developed capitalist countries and the developing countries in the Third World, and different ideological trends and theories that emerged and are developing to meet the needs of modern capitalism, such as the theory of convergence.

Second is a number of "newly developing industrial countries or regions" risen since the 1960's from what was formerly called the Third World. Chief of all are the "four dragons" in Asia and Malaysia and Thailand, which keep in step with them, as well as Brazil and Mexico in Latin America. The economic growth rate of these countries or regions is regarded as a "great success" and "miracle" by many developed countries, and by Asian countries in particular. We must pay special attention to their influence. If we say the economic level of old-line capitalist countries is far higher than that of

socialist countries because their "starting line"—namely, their material and technological foundation and historical conditions—is different, then the rapid development of these "newly developing industrial countries or region" has delivered an extremely sharp and stern challenge to the socialist countries, which first developed on the same basis and under the same conditions. It must be acknowledged that the history, present condition, and future of these countries or regions have not aroused adequate attention from our theoretical workers engaged in the study of scientific socialism.

Meanwhile, some overseas learned men have held in recent years that roughly speaking, there are three patterns for achieving social, economic, and cultural modernization in terms of historical views. 1) The pattern of Western Europe and North America. We understand this pattern very well because great masters of scientific socialism such as Marx, Engels, and Lenin made a careful analysis and meticulous study of it. 2) The pattern of the Soviet Union and Eastern Europe. People are also familiar with this pattern because it has existed for 70 years. 3) What is called the Oriental pattern of Asia or the pattern of East Asia, which involves Japan and the "Four Dragons" in Asia. It is now universally acknowledged that since the 1960's, the rapid economic growth in East Asia has made it one of the most dynamic regions in the world, and its amazing achievements have become the focus of world attention. It is anticipated that East Asia will become a center of economic activities for the entire world in years to come. Because the economy, culture, and social life in the region are different from those in many West European and North American countries, overseas scholars have given it such an elegant name as "Confucian capitalism." This is quite new to our theoretical workers engaged in the study of scientific socialism.

The second point is the evolution from traditional socialist theory and pattern to modern socialist theory and pattern

When summarizing the history of scientific socialism since its birth about 140 years ago, the report to the 13th Party National Congress points out: "In theory and in practice—the practice of building socialism in one country, the practice of building it in many countries, and the practice of introducing reforms in socialist countries in the contemporary world—scientific socialism broadens and deepens the understanding of socialism by integrating the theory of scientific socialism with the practice in various countries and with the developments of the times. In this process, it is only natural that people will discard some theses that are utopian because they were formulated by our predecessors within the limits of their historical conditions. It is also natural that people will reject dogmatic interpretations of Marxism and erroneous viewpoints imposed on it and will further develop the theory of scientific socialism on the basis of new practice." In order to further develop the theory of scientific socialism, we should, on the one hand, analyze

and judge the new practice and new era in a scientific way; on the other hand, we should review and sum up previous experience and theory in a scientific way. With the dominant subject of socialism in mind, we think we must clearly understand and explore the following major issues—this is a prerequisite for answering some practical problems relating to socialist construction.

First, we must be clearly aware that socialist society covers a historical period of considerable length and undergoes an independent stage of social development.

Over the years, people liked to view the process of building socialism as a "very short period of time" and as a "pioneering phase" of communist society through which we can hurry and did not believe the process is of a protracted, independent, and stable nature. Such erroneous understanding (of course, it is not a matter concerning the level of understanding) made not only a few senior leaders but also people of the whole country too impatient for quick results in socialist construction, seek absolute perfection in socialist transformation, and anxious to transit from socialism to communism. Any opposing views were regarded as unorthodox, and those who had different views could hardly gain a foothold in society. This fact is known to all. If we want to discern any reason leading to such a situation, we have to look back to what Marx and Lenin said.

In his work "Critique of the Gotha Program," Marx used at least 1,000 words to explain the distribution of consumer goods in future society in an effort to criticize the dogma as what Lassalleans termed the "undiminished proceeds of labor," "fair distribution" and an "equal right." The article also discusses the "first stage" and the "advanced stage" of communism. He envisaged that many things are similar in the two stages, but that there is a noticeable difference in the distribution system of consumer goods and that the first stage of communism (later generations regard it as "socialist society" but Marx never said so) is a society in which all means of production are owned by the whole people, a society of planned economy that denies a commodity-money relationship, a society in which the principle of distribution according to work is applied in a unified way, a society in which there is no class antithesis and difference, and a society in which the state of proletarian dictatorship will wither away. If people do not apply and develop the envisaged principle with general and abstract features in a creative way and in line with local conditions but take it as a stereotyped formula, they are apt to think that the first stage of communism is a stepping stone close to its advanced stage. Prior to the October Revolution and during the "wartime communist period" after the founding of the Soviet Union, Lenin, due to lack of experience, was all along unable to break through the frame of understanding socialism set up in the writing "Critique of the Gotha Program." When he reviewed the lesson of failure later, he came to realize that he should not "remain at the level of arguing the socialist program only according to books." He then started rethinking and

making further explorations. It is a pity that Lenin could not continue doing so because he passed away too early. He time and again reminded the entire party that it would be very difficult for an economically and culturally less developed Russia to transit to socialism unless it endured complex and "long-run throes" and made experimental practice for a long period of time, and that the less the capitalist economy developed, the longer the transitional period would last. However, he failed to point out clearly that socialist society should undergo a specific and long historical process of development.

Second, we must be clearly aware that after the establishment of the socialist system, there should be a period of consolidating, perfecting, and developing socialism.

This is a supplement and extension to the above thesis that socialist society is of a protracted, independent, and stable nature.

Over the years, people usually thought that "the day when socialism is built is the advent of communism." They even believed that this is a perfectly justified Marxist viewpoint. People also took this viewpoint as their weapon to criticize on a grand scale the so-called the "theory of socialist solidification" and the so-called "bourgeois right" based on the principle of distribution according to work and of equal exchange. Such a utopian idea of equating the building of socialism to the transition to communism is closely related to the dogmatic understanding of the first stage of communism envisaged by Marx.

Now, people have all acknowledged that the historical conditions and the development level of the socialist society established in this century fall far short of the scientific expectation made by Marx in a high degree of theoretical abstraction in order to bring to light the law and vista of social movement. According to Marx' expectation, that type of socialism is close to the level of direct transition to communism. Therefore, logically there is no need for a specific stage of building socialism. However, there is a difference between the development level and quality of the socialist society we are building (including the content and degree of public ownership), and those of the first stage of communism as described by Marx. As Bukharin said: Socialism in Russia was a backward form of socialism. Referring to the actual situation in China, Comrade Deng Xiaoping pointed out sharply: "We are now building socialism, but as a matter of fact, it is not up to standard. Only when our country reaches the level of the moderately developed countries by the middle of the next century can we say that we have really built socialism and can we say with perfect assurance that socialism is superior to capitalism." The experience gained by all socialist countries since the beginning of this century shows that after the establishment of the socialist system, there must be a specific stage of "perfecting it." The primary tasks during the stage are to expand the productive forces and accomplish modernization, and the main force driving the endeavor is to

carry out reforms. Unless we build socialism for a period of considerable length, we will not be able to create conditions for transition to communism. For this reason, we must discard the erroneous viewpoint of taking socialist society as a direct transition to communism.

Third, we must be clearly aware that the first victory of socialism in backward countries is a big leap forward in the development of history and also makes us face notable, historical contradictions.

The important historical fact of socialism winning its first victory in backward countries in the 20th century is a major breakthrough effected on the traditional idea of socialism prevailing in the 19th century and has greatly driven the process of socialism the world over. The fact proves the historical initiative and pioneering spirit displayed by the working class and the people under the leadership of a Marxist party. It also embodies vividly the integration of the identity of historical development with its diversity and the integration of the regularity of historical development with its changeability. At the same time, we must have a full and clear understanding of the consequence and influence ensued from the fact. That is to say, the first victory of socialism in backward countries inevitably presents many new, rough tasks unexpected by our predecessors and a number of historical contradictions that the parties and people of those socialist countries have to face and spare no effort to iron them out.

First, for a historical period of considerable length, socialist countries still lag behind the developed capitalist countries in the economic field, and the superiority of socialism and its appeal to the people of capitalist world cannot be fully displayed. The contradiction between the advanced social system and the backward economy in the historical period of development is a big contradiction that all countries following the socialist road face. Second, many social and economic problems in relation to the economies dominated by small production and the small proprietary economy that should have been resolved during the period of capitalist development have become tough problems that socialist countries have to solve. Meanwhile, the contradiction between the working class, which demands the development of large-scale socialized production, and small producers under individual ownership is another apparent contradiction that socialist countries face. Third, social and economic problems like the natural and semi-natural economy making up a very large proportion of the whole, which should have been resolved in the process of fully developing the capitalist commodity economy, also becomes a heavy load on the shoulders of socialist countries. Furthermore, the contradiction between the commercialization, socialization, and modernization of production and the backward, closed natural, and semi-natural economy is once again a big contradiction for socialist countries. Finally, due to economic and cultural backwardness and lack of a heritage and concept of modern democracy, the habitual forces of feudalism and petty bourgeoisie rallied

over a long period of time are deep-rooted and have a powerful influence. This has brought about enormous difficulties to the extension of socialist democracy and hampered the process of promoting democracy. As Lenin said at the Eighth Congress of the Russian Communist Party (Bolsheviks), here is a contradiction between the backwardness in Russia and its leap toward the highest degree of democracy: On the one hand, "Soviet power in principle has provided an immensely higher proletarian democracy" and on the other, "the lack of culture is reducing the significance of Soviet power and reviving bureaucracy." Lenin held that this contradiction appeared not because the laws prevented it from being so, but "on the contrary, our laws assist in this respect. But in this matter, laws alone are not enough. A vast amount of educational, organizational, and cultural work is required; this demands a vast amount of work over a long period." ("Collected Works of Lenin," vol 29, p 152)

It is thus noted that unless we make an overall and sober-minded analysis of the historical fact of socialism winning its first victory of socialism first in backward countries, we shall not be able to place our economic construction and reforms on a reliable basis. With the deeper understanding of socialism, our theoretical workers engaged in the research of scientific socialism should endeavor to study and expound all the aforementioned problems.

Conservation Minister Discusses Water Law
OW011852 Beijing XINHUA in English 1439 GMT
1 Feb 88

[Text] Beijing, February 1 (XINHUA)—The newly promulgated water law sums up China's experience in water control and provides legal protection for the development and protection of China's water resources, the minister of conservancy and power told XINHUA today.

Qian Zhenying said China used to neglect the comprehensive use of water resources and suffered many problems in constructing water conservancy and hydraulic power projects. Development of fisheries and marine safety were also severely affected.

To solve the problem, the water law, the first of its kind in China, stipulates that scientific inspection and appraisal must be made before developing water resources, and the development must be undertaken under the unified management of departments concerned.

The water law also makes it clear that the environment be protected in every respect.

The minister said the law stipulates that the combination management system of state government and management by departments at all levels will be adopted.

The water law, passed at the 24th meeting of the Sixth National People's Congress on January 21 this year, will go into effect July 1.

University Reforms Draw National Attention
*OW011050 Beijing XINHUA in English 0929 GMT
1 Feb 88*

[Text] Beijing, February 1 (XINHUA)—When Guan Shixiong failed his university entrance examinations he felt sure he'd lost his chance of ever getting a higher education.

Lucky for him he was wrong. Last year Guan graduated from university.

Now he's working as an assistant chief in the Shenzhen branch of the China Merchant Steam Navigation Company, a position that seemed at one time only a dream. What changed his fortune was his acceptance into a special class at Wuhan University set up in 1985 for promising young people.

Guan started mid-way through a management course. He passed his third grade examinations and proved himself further by writing a manual about trademarks.

Between 90 to 100 capable people under the age of 30 are enrolled in the second or third grades of the university every year, says university President Liu Daoyu.

They are chosen from hundreds of candidates who are given special examinations and evaluations on achievements they have made in the fields they major in.

The new system is a breakthrough in conventional university enrollment. Wuhan is the first to try it.

It is part of the university's reform, Liu said in an interview with XINHUA here where he was attending a national meeting for higher education that closed yesterday.

The reform has entailed setting up examinations for the sophomore class. Students who fail are transferred to easier courses and receive less pay in the future.

It has also entailed adoption of a credit system that encourages students to select a second major and take courses of their own choosing provided they keep up with the work.

Liu said the credit system has let more than 100 students graduate early. In some cases it has prompted a longer stay when a student's interest in the second major has sparked a desire for further study.

Reform in teaching, which he felt to be even more important, is under way, too.

To try to get away from the traditional teaching methods centered on teachers, textbooks and classrooms, Liu has set up incentive plans that award teachers who try new approaches or develop new teaching materials.

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*HK011420 Beijing RENMIN RIBAO in Chinese
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Article by Yang Jingcheng and Liu Senjun: "Investigation of the Specialized Plastic Shoes Market in Bopu Township, Wuchuan County"

Article by Ru Xing: "Nietzsche's Aesthetics and Thinking on Literature and Art"

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Article by Jia Yi: "Taking Medicine, Prescribing Medicine, and Making Medicine"

Article by Huang Shengping: "Singing the Praises of China's Contemporary Peasants—Reviewing the Collection of Reportage 'Flying Geese Over Tai Hu'"

Article by Wang Shiding: "Be Vigilant Against False Profits and Actual Losses"

East Region

Fujian Leaders Elected Deputies to 7th NPC *OW020513 Beijing XINHUA Domestic Service in Chinese 1242 GMT 30 Jan 88*

[Text] Fuzhou, 30 Jan (XINHUA)—A total of 70 people including Wang Hanbin, secretary general of the Sixth NPC Standing Committee and vice chairman of the Committee for Drafting the Basic Law of Hong Kong Special Administrative Region; Chen Guangyi, secretary of the Fujian Provincial CPC Committee; and Wang Zhaoguo, governor of Fujian, were elected at the First Session of the Seventh Fujian Provincial People's Congress held today as deputies to the Seventh National People's Congress.

The 70 deputies were elected from 93 candidates. They included Wang Shouguan, director of the Beijing Observatory; Lin Lanying, vice chairman of the China Association for Science and Technology; Guo Ruiren, vice chairman of the All-China Federation of Returned Overseas Chinese and chairman of the Fujian Provincial Federation of Returned Overseas Chinese; Zheng Meizhu [6774 5019 3796], a national woman's volleyball player; Wu Yuanjin [0702 1959 6855] (Gaoshan Nationality), deputy director of the Fujian Provincial Federation of Taiwan Compatriots; and Li Wenren [2621 3306 0088], well-known Cardiovascular specialist and honorary director of the Fujian Provincial Hospital.

Fujian Farm Shareholding Successful *OW011338 Beijing XINHUA in English 1631 GMT 31 Jan 88*

[Text] Fuzhou, January 31 (XINHUA)—Farmers in Fujian Province, where per capita income has risen by four times since 1979, have taken to buying shares in rural enterprises.

Farmers now own 80 percent of the shares in the 5,789 rural enterprises in Jinjiang County, according to the county statistics bureau.

Cizao County, famous for its porcelain clay, was the first in the province to start shareholding enterprises. In 1982, 42 farmer households in Xiazao village raised 160,000 yuan to start the county's first shareholding porcelain factory. "Other people in the township and the rest of the county soon followed suit," said Chen Junde, secretary of the Communist Party committee in Cizao township.

Since then, 2,500 out of the township's 16,000 households, have bought 60 million yuan worth of shares in 581 porcelain factories. The porcelain is now sold all over the world.

The shareholders vote on major matters, and principal shareholders serve on the board of directors.

Most of the enterprises have adopted a policy to pay out 40 percent of net profits as bonuses to workers and managerial staff, 30 percent as dividends and the rest to expand production. However, some have not yet issued dividends electing instead to reinvest the profits.

Gu Xiulian Reelected Governor of Jiangsu *OW020930 Beijing XINHUA in English 0921 GMT 2 Feb 88*

[Text] Nanjing, February 2 (XINHUA)—Gu Xiulian, 51, was re-elected governor of Jiangsu Province today at the first session of the seventh provincial People's Congress of Jiangsu.

She had been governor of the province since July, 1982.

Han Peixin on Electing New Jiangsu Leaders *OW020017 Nanjing XINHUA RIBAO in Chinese 24 Jan 88 p 1*

[Excerpt] The Jiangsu Provincial CPC Committee yesterday invited responsible persons of the various democratic parties, mass organizations, and other people concerned to a consultation meeting. Full consultations were made at the meeting on the namelists of candidates for responsible persons of the seventh provincial People's Congress, the provincial government, the sixth provincial CPPCC Committee, and deputies to the Seventh NPC.

Han Peixin, secretary of the provincial party committee, Sun Han, deputy secretary of the provincial party committee, and Gu Hao, member of the Standing Committee of the provincial party Committee, attended the meeting.

Comrade Han Peixin spoke at the consultation meeting. He said: Electing new leaders of the provincial People's Congress, the provincial government, and the provincial CPPCC Committee is this year's major event in the political life of the people of our province. Successful execution of this work will be of great significance in implementing the guidelines of the 13th CPC Congress; strengthening socialist democracy and the legal system; developing the patriotic united front; and promoting Jiangsu's reform, opening, and socialist modernization. The province has convened three meetings and invited some 800 comrades to democratically discuss and appraise the incumbent governor and vice governors and recommend candidates for leaders of the provincial People's Congress, the provincial government, and the provincial CPPCC Committee.

Comrade Han Peixin also explained the qualifications and quotas of candidates for the the provincial People's Congress, the provincial government, and the provincial CPPCC Committee. After fully discussing the namelists, meeting participants held that the consultation meetings have solicited suggestions from all circles. A meticulous

job has been done in making the personnel arrangements. The namelists, which have been carefully thought out and are reasonably representative, conform to the spirit of the 13th CPC Congress. Attendees unanimously agreed that the namelists should be submitted to the presidiums of the seventh provincial People's Congress and CPPCC Committee. [passage omitted]

New Jiangsu CPPCC Committee Leaders Elected
OW012152 Beijing XINHUA Domestic Service
in Chinese 1528 GMT 29 Jan 88

[Text] Nanjing, 29 Jan (XINHUA)—Professor Qian Zhonghan, honorary president of the Nanjing Engineering Institute, was reelected chairman of the Jiangsu Provincial CPPCC Committee during the First Session of the Sixth Jiangsu Provincial CPPCC Committee today.

The meeting today also elected 11 vice chairmen and 124 Standing Committee members. The vice chairmen are: Luo Yunlai, Ding Guangxun, Deng Haoming, Gao Juefu, Chen Zonglie, Chen Minzhi, Chen Suiheng, Cheng Bingwen, Liu Xinghan, Zhang Chenhuan [4545 5256 2719], and Hang Hongzhi [2635 7703 1807].

Jiangsu Sets Up Rural 'Experimental Zones'
OW011334 Beijing XINHUA in English 1640 GMT
31 Jan 88

[Text] Nanjing, January 31 (XINHUA)—Jiangsu Province, one of 10 provinces designated to carry out experimental rural reforms, is to combine agricultural holdings in a bid to increase efficiency.

These so-called agricultural experimental zones will, officials hope, increase economies of scale and allow greater mechanization.

The zones were set up late last year in 10 townships in Wuxi, Changshu Cities and Wuxian County where rural industries have flourished in recent years.

A provincial official in charge of agriculture said that the zones were intended to consolidate land holdings and attract more investment to farming.

According to him, necessary organizations will also be set up to raise, take care of, and use the money needed in carrying out the projects in the experimental zones.

Shandong's Liang Meets Conference Participants
SK020802 Jinan DAZHONG RIBAO in Chinese
13 Jan 88 p 1

[Excerpt] After party functions are separated from those of the government, party committees should concentrate their efforts on conducting investigations and study, formulating policies, and making policy decisions on

important issues. Lu Maozeng, deputy secretary of the provincial party committee, stressed this issue at the just concluded provincial work conference on investigations and study.

The work conference was held in Jinan from 8 to 10 January. Attending were directors of the research offices of various city and prefectural party committees, responsible comrades of the liaison stations of the research offices of the provincial party committee, and comrades in charge of the investigation and study work from relevant departments of the provincial party committee. Liang Buting, secretary; Lu Maozeng, deputy secretary of the provincial party committee; and Jiang Chunyun, deputy secretary of the provincial party committee and provincial acting governor, attended and met with the participating comrades. Lu Maozeng; and Gao Changli, standing committee member and secretary general of the provincial party committee, delivered speeches.[passage omitted]

Shanghai Builds Supercritical Power Plant
OW011131 Beijing XINHUA in English 0817 GMT
30 Jan 88

[Text] Shanghai, January 30 (XINHUA)—Construction of China's first super critical power plant is under way in Shanghai, the country's leading industrial center, the local JIEFANG DAILY reported.

A super critical power plant has steam pressure that exceeds 225 barometric pressures. According to the paper, at present only a few countries have such plants.

Located in the Wusong District and 27 km from the downtown area, the Shanghai Shidong No. 2 power plant is the city's largest capital construction project after the Baoshan iron and steel works.

Its first construction phase includes installation of two 600,000-kw generating units and they are expected to generate 25 million kwh of electricity per day for Shanghai upon completion around 1991.

According to the paper, the plant is being built with funds raised by the Huaneng International Power Development Company and the Shanghai Municipal Government. Major items of equipment are to be imported from the United States and Switzerland.

Zhejiang CPPCC Committee Elects Officials
OW012148 Beijing XINHUA Domestic Service
in Chinese 1559 GMT 29 Jan 88

[Text] Hangzhou, 29 Jan (XINHUA)—The Sixth Zhejiang Provincial CPPCC Committee elected Shang Jingcai chairman today.

At today's meeting, the members also elected 13 vice chairmen, namely, Tang Yuanbing, Li Dexin, Wu Youxin, He Zhibin, Zhou Chunhui, Jiang Cisheng, Qiu

Qinghua, Zhan Shaowen, Wang Chengxu, Ding Deyun, Li Chaolong [2621 2600 7893], Su Jilan, and Xue Yanzhuang [5641 5333 8369] (female).

Shen Zulun Elected New Zhejiang Governor
OW010620 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 1 Feb 88

[Text] The First Session of the Seventh Zhejiang Provincial People's Congress held its fifth plenary meeting this morning. Chen Anyu was elected chairman of the Seventh Zhejiang Provincial People's Congress Standing Committee, Shen Zulun as governor of Zhejiang Province, Yuan Fangle as president of the Zhejiang Provincial Higher People's Court, and (Hu Canshi) as Chief Procurator of the Zhejiang Provincial People's Procuratorate.

According to law, the election result of the chief procurator will have to be submitted, through the Supreme People's Procuratorate, to the NPC Standing Committee for approval.

Zhejiang CPPCC Meets Hong Kong, Macao Members
OW011217 Hangzhou ZHEJIANG RIBAO in Chinese 23 Jan 88 p 3

[Text] Xue Ju, Chen Fawen, and other leading comrades had a cordial meeting yesterday afternoon with Jin Yaoru, Shao Yanzhong, Jin Weiming, Wen Rugen, Ni Tiecheng, and He Yicheng, members of the Zhejiang Provincial CPPCC Committee from Hong Kong and Macao, who have come to Hangzhou to attend the First Session of the Sixth Zhejiang Provincial CPPCC Committee meeting. They also met with Dong Jianping, Jin Ruxin, and Jin Youxin, representatives from Hong Kong and Macao.

Present at the meeting were Chen Anyu, Shang Jingcai, Wang Jiayang, Tang Yuanbing, Li Dexin, Zhan Shaowen, and Wu Yaomin.

Xue Ju warmly greeted the visitors and urged them to be concerned with their hometown's construction and to advise on and contribute to Zhejiang's economic development, especially the development of an export-oriented economy.

The members from Hong Kong and Macao said they were greatly pleased with the rapid economic development in their hometown, and pledged that they would work hard on behalf of Zhejiang's development.

Central-South Region

Guangdong Takes Up Antipollution Proposals
OW011259 Beijing XINHUA in English 1253 GMT 30 Jan 88

[Text] Guangzhou, January 30 (XINHUA)—On proposals of people's deputies, the Guangdong Provincial Government has worked out a package of plans to curb environmental pollution, a provincial official said today.

According to the plans, it will increase its allocation for pollution control and environmental protection will be a must on the work agenda of government leaders.

The plans also include ensuring an adequate supply of funds for environmental protection facilities, priority for loans for pollution control and establishment of an environmental supervision system.

These were among the 270 proposals raised by people's deputies at the Sixth Session of the Sixth Guangdong Provincial People's Congress held last year.

The provincial official said that the Sixth Provincial People's Congress has handled 1,654 motions put forward by deputies over the past five years.

Many of the proposals collected were either vital to provincial economic development as a whole or to the people's everyday life, the official said.

They include control of soil erosion, highway upgrading, more relief funds and increases in allocations for energy production, education and transport facilities.

"We have handled more than half of the proposals raised at the sixth session of the last people's congress and we are working on the remainder," the official said.

Liu Shaoqi's Son Elected Henan Vice Governor
HK011430 Beijing ZHONGGUO XINWEN SHE in Chinese 0744 GMT 1 Feb 88

[Liu Shaoqi's Son Has Been Elected Vice Governor of Henan Province—ZHONGGUO XINWEN SHE headline]

[Text] Zhengzhou, 1 Feb (ZHONGGUO XINWEN SHE)—Thirty-seven year-old Liu Yuan, vice mayor of Zhengzhou city, a son of former PRC President Liu Shaoqi, was elected vice governor of Henan Province a couple of days ago during a session of the Seventh Henan Provincial People's Congress.

Liu Yuan's name was not on the original list of potential candidates nominated for the post. But he was later recommended by some deputies to the provincial People's Congress who appreciated his achievements during his term of office as vice mayor of Zhengzhou.

Liu Yuan was elected vice mayor of Zhengzhou in 1984. In the past 3 years or so since his appointment, Zhengzhou completed a natural gas supply project. Zhengzhou thus became the first city in Henan Province to be supplied with natural gas. As more than 50,000 households in the city are now supplied with natural gas, the energy problem the city used to face in cooking has been solved. What is more, Liu Yuan has done a good job in the reconstruction of the old town of Zhengzhou. Giving full play to the spirit of reform, he started the reconstruction project by invigorating the housing construction

industry and thus achieved great success in urban construction. Now Zhengzhou is emerging as a modern provincial capital city and, for this reason, has been elected an advanced city of China in urban planning and management.

After his graduation from Beijing Teachers' College, Liu Yuan was assigned to work in Henan. Posts he has held in the past 6 years include deputy head of Qiliying township of Xinxiang County, vice magistrate of Xinxiang County, and magistrate of the same county.

Southwest Region

Guizhou People's Congress Session Concludes *HK300303 Guiyang Guizhou Provincial Service* *in Mandarin 2300 GMT 29 Jan 88*

[Excerpts] The First Session of the Seventh Guizhou Provincial People's Congress victoriously concluded on 29 January after completing all its agenda. [passage omitted] Executive Chairman Zhang Yuhuan presided at the closing ceremony. Other executive chairmen present included Hu Jintao, Su Gang, Miao Chunting, Liu Zhengwei, Long Zhiyi, Luo Dengyi, Bai Lin, Ran Yannong, and Wang Zhenjiang. [passage omitted]

Guizhou's Hu Discusses Journalism Issues *HK300349 Guiyang Guizhou Provincial Service* *in Mandarin 2300 GMT 29 Jan 88*

[Text] Provincial CPC Committee Secretary Hu Jintao spoke at a meeting marking the establishment of the RENMIN RIBAO correspondents' station in Guizhou on 29 January. He said that in reporting news it is necessary to strive to emancipate the mind and publicize the theory on the initial stage of socialism. He said that it was also necessary to create a climate of public opinion that benefits the development of the productive forces and reform and opening up, thus giving scope to the role of the mass media.

Hu Jintao said that, to thoroughly implement the spirit of the 13th National CPC Congress, we must further emancipate our minds, proceed from Guizhou realities, and eliminate ossified ideas. On the one hand we must uphold the party's four cardinal principles. On the other we must break down dogmatic interpretations of Marxism. The elimination of ossified thinking is concentrated in the question of viewing the productive forces. We must overcome the influence of the habitual forces of small production. Our understanding must be based on what is beneficial for developing the productive forces. This must be the starting point for testing our understanding. We must vigorously explore, enthusiastically support, and help to perfect all measures and methods that benefit the development of the productive forces and the reforms. The media must strive to create a climate of public opinion that benefits the development of the productive forces and the reforms and opening up.

In implementing the spirit of the 13th National CPC Congress, we must further step up building the socialist democratic system. As the political structural reforms deepen, we must establish a social consultation and dialogue system and put it on a sound basis. The mass media plays a special role in this respect. Leading departments and responsible party comrades must pay full attention to giving scope to this role, let the people know about major happenings, and consult and discuss with them on major issues. The media should further establish ties between the party and the masses. We must give further scope to the role of the media in propaganda and education. Leading party departments and comrades must support and encourage journalists and the media in sticking to principles and fearing no risk in boldly exposing problems in all respects. On the other hand, we must uphold the party's spirit of seeking truth from facts, carry out thorough investigation and study of the issues in all respects and thoroughly unearth the truth. In this way our criticism will be more accurate and we will give better scope to the role of the media.

Hu Jintao also stressed that we should welcome supervision by the media and criticisms from the masses. We must resolutely put right those problems that are the subject of criticism. We must resolutely put right unhealthy trends, especially decadent phenomena in society, that are exposed by the press, radio, television, and so on.

Fan Rongkang, deputy chief editor of RENMIN RIBAO, came specially from Beijing to attend this meeting. Present were leaders of the party, government, and army in the province including Wang Chaowen, Ding Tingmo, Long Zhiyi, Su Gang, (Liu Hanzhen), Zhang Yuhuan, Gong Xianrong, Miao Chunting and Jiao Bin, together with responsible persons of departments concerned.

Sichuan's Yang Discusses Current Problems *HK310309 Chengdu Sichuan Provincial Service* *in Mandarin 0100 GMT 31 Jan 88*

[Text] The First Session of the Sixth Sichuan Provincial CPPCC held its fourth full gathering yesterday morning. Provincial party committee Secretary Yang Rudai made an important speech on studying the spirit of the 13th National CPC Congress, stabilizing the situation, deepening the reforms, and further promoting united front and CPPCC work.

Comrade Yang Rudai first congratulated the session on its success. Speaking on behalf of the provincial party committee, he said that this CPPCC session has been very successful and lively, embodying the new situation, tasks, contents, and atmosphere in CPPCC work in the province. Comrade Yang Rudai went on to speak on five issues:

1. In studying the 13th National CPC Congress documents, it is necessary to grasp the focal points. That is, we must further emancipate our minds and the productive forces.

2. In this year's work, we must lay stress on stabilizing the situation, including the economy, prices, the policies, and thinking.

3. Further enhance understanding of the importance of the united front in the initial stage of socialism and strengthen awareness of doing a good job in united front work.

4. Perfect the functions of the CPPCC in political consultation and democratic supervision, and promote the building of socialist democratic politics.

5. Further improve and strengthen the party committee's leadership over CPPCC and united front work.

Comrade Yang Rudai said: Comrade Deng Xiaoping recently said when meeting foreign guests that the 13th National CPC Congress further emancipated the minds of the party and the people, and will further emancipate the productive forces. In the future, economic construction can be done still better, and so can the building of spiritual civilization.

What Comrade Xiaoping mentioned here regarding further emancipating our minds and the productive forces is precisely the focal point we must grasp in studying the 13th National CPC Congress documents. Sichuan is an economically undeveloped interior province. Ossified systems and conservative concepts are prominent here. The influence of the leftist stuff of the past runs very deep. The concepts of developing commodity economy, of the market, and of competition are weaker than in the coastal areas. Hence, in studying the 13th National CPC Congress documents, every place and every comrade must do well at reviewing the progress of the past 9 years, sum up experiences, enhance understanding of reform and opening up, further emancipate the minds, and be still more bold, assured, and unswerving in implementing the line since the 3d Plenary Session of the 11th CPC Central Committee.

Comrade Yang Rudai said: The central authorities have proposed the guideline that the economy should be further stabilized and the reforms further deepened this year. Certain comrades say that they feel encouraged by the 13th National CPC Congress documents but discouraged by the guideline for economic work this year. This is an incorrect view. Sustained development of the economy cannot be achieved without stabilizing the economy and deepening the reforms. Of course, stabilizing the economy does not mean that no action takes place. Instead, we should achieve a certain growth rate and maintain steady growth. In connection with Sichuan realities, we must adopt an attitude of positive advance in implementing the central authorities' guidelines and

arrangements. We should succeed in extracting invigoration from a tight situation, getting good results from smaller investment, ensuring key projects while reducing other projects, and gaining a steady increase.

Comrade Yang Rudai pointed out that the united front remains essential and important in the initial stage of socialism. It is a magic weapon for building socialism with Chinese characteristics, and retains great vitality. Its scope is not being continually reduced but is continually expanding; its tasks are becoming ever heavier instead of lighter. The idea that the united front is something dispensable and of little importance has no basis and is completely wrong.

Sichuan People's Congress Session Concludes

*HK010147 Chengdu Sichuan Provincial Service
in Mandarin 0100 GMT 1 Feb 88*

[Excerpt] The First Session of the Seventh Sichuan Provincial People's Congress victoriously concluded yesterday. Comrade Zhang Haoru was elected provincial governor. Comrades Xie Shijie, Luo Tongda, Ma Lin, Han Bangyan, Liu Changjie, and Jin Hongsheng were elected vice governors. Ren Lingyun was elected president of the provincial Higher People's Court. The session also elected the chief procurator, and the secretary general and members of the provincial People's Congress Standing Committee. [passage omitted]

Nation's First Pawnshop Opens in Chengdu

*OW302006 Beijing XINHUA in English 1242 GMT
28 Jan 88*

[Text] Chengdu, January 28 (XINHUA)—Trade in socialist China's first pawnshop has been brisk in its first 13 day's operation, said the FINANCIAL TIMES today.

People have different opinions of this one in Chengdu, capital of Sichuan Province. Some passersby in the crowd shook their heads and heaved sighs and some young people nodded their assent and applauded, the paper added.

Pawnshops, which are reminiscent of exploitation and poverty in old China, were found in all cities before 1949 and banned in the early 1950s.

This one, however, doesn't practise usury as those in the old days, said the paper, adding that it helps those urgently in need of money.

The shop has collected goods valued at 30,000 yuan in its first 13 days of business, and about 16,000 yuan has been paid out to customers at 50 percent of the goods' value. A service charge accounts for six percent of costs above the purchase price, and storage fees another two percent.

"We do our best to ensure reasonable evaluation of goods," said the pawnbroker.

A government official from Xining, in Qinghai Province, pawned his watch. "I lost my wallet on my way to Tibet on public errand and have nowhere to borrow money here," the paper quoted him as saying.

A collectively-owned enterprise wanted to trial produce a new product, but lacked 3,000 yuan for the job, so it pawned some of its stockpiled products.

A merchant said, "I need 4,000 yuan to buy a batch of new products but feel ashamed to borrow money from others."

He hocked his motorcycle, saying, "It is an equal transaction."

Pilgrimages Easy in 'Peaceful, Happy' Xizang
OW011424 Beijing XINHUA in English 1617 GMT 31 Jan 88

["Life in Tibet is Good For Pilgrims"—XINHUA headline]

[Text] Lhasa, January 31 (XINHUA)—For 49-year-old Dawapula, life in Tibet has never been better.

He said he feels freer than ever before.

"I'm living freely. Not only do I decide by myself what crops to grow but also I can go on pilgrimages in slack seasons," said the farmer from Lhaze County as he returned from Norbulingka Park — the former summer palace of dalai lama—on his way to Qoikang and Ramoqe monasteries in Lhasa.

Like Dawapula, 40,000 Buddhism believers from neighboring areas have come to Lhasa this winter to visit holy places to burn joss sticks and worship Buddha.

Some will stay until the close of Moinlam Qenmo — the major religious festival in Tibet next month.

Jorca, 68, a farmer from Tingri County at the foot of the Himalayas, has dreamed of coming to Lhasa.

"Today I can redeem my vow to Buddha thanks to the disposable income I have," he said.

Zhaxi, 67, once a servant at the Potala palace, is spending his remaining years making pilgrimages around Tibet.

"We old people sincerely hope this peaceful and happy life will go on forever," he said.

Yunnan People's Congress Conducts Business

Elects Song Renqiong NPC Deputy
OW310825 Beijing XINHUA Domestic Service in Chinese 1601 GMT 29 Jan 88

[Text] Kunming, 29 Jan (XINHUA)—During the Sixth Session of the Sixth Yunnan Provincial People's Congress, Song Renqiong, vice chairman of the Advisory Commission of the CPC Central Committee, was elected Yunnan deputy to the Seventh National People's Congress.

Of the 87 deputies to the Seventh NPC elected at the plenary session today, 46 are deputies of minority nationalities. In addition to Song Renqiong, all three other candidates nominated by central state organs in Yunan were elected. They are Li Peng [2621 2950], Yu Wen [6735 2429], and Chu Zhuang [2806 8369].

Session Concludes
HK300221 Kunming Yunnan Provincial Service in Mandarin 0000 GMT 30 Jan 88

[Excerpts] The 5-day Sixth Session of the Sixth Yunnan Provincial People's Congress concluded yesterday in the People's Victory Hall, Kunming. [passage omitted] The session elected by secret ballot 87 deputies to attend the Seventh NPC. [passage omitted]

The closing ceremony was attended by Pu Chaozhu, Liu Shusheng, Liang Jia, Gao Zhiguo, Xue Tao, and other members of the presidium; Nie Ronggui, deputy secretary of the provincial party committee; Li Xinwang, chairman of the provincial Advisory Commission; and others. [passage omitted]

North Region

Beijing People's Congress Conducts Business

Reelects Mayor
OW310430 Beijing XINHUA in English 0908 GMT 30 Jan 88

[Text] Beijing, January 30 (XINHUA)—Chen Xitong, 58, was reelected mayor of Beijing today, after a four-year term of service.

This was announced at the first meeting of the Ninth Beijing Municipal People's Congress which closed today.

Among the seven vice mayors elected, four are new faces and two are women. The woman vice mayors are Wu Yi, alternate member of the Central Committee of the Communist Party of China and party secretary of the Beijing Yanshan Petrochemical Corporation, and He Luli, alternate member of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang and vice governor of the city's western district.

The new faces also include Su Zhongxiang, director of the Beijing Public Security Bureau, and Lu Yucheng, director of the Beijing Science and Technology Committee.

Former Vice Mayors Zhang Jianmin, Huang Chao and Zhang Baifa remain in office.

Of all the vice mayors who were elected in multiple-candidate secret balloting, six have received tertiary education. The youngest is Lu Yucheng, 48, who previously served in the chemical industry.

At the closing session of the congress, which opened January 21, Zhao Pengfei was elected chairman of the Standing Committee of the city's People's Congress, Liu Yunfeng became president of the Beijing Higher People's Court and He Fangba was chosen chief procurator of the Beijing People's Procuratorate.

Mayor Discusses Policies

HK010859 Beijing CHINA DAILY in English
1 Feb 88 p 1

[By staff reporter Li Chao]

[Text] Beijing plans to tax non-permanent residents as a way of controlling its transient population, Chen Xitong said after he was re-elected as Mayor of Beijing at the closing session of the Ninth Beijing People's Congress on Saturday.

Chen described over-population as one of five major obstacles to the city's development. Its 9.88 million permanent residents are boosted by a further 1.15 million transients each day.

But the 58-year-old Mayor was non-committal about a proposed tax on the city's 6.8 million bicycles suggested by deputies to the local people's congress and the local committee of the Chinese People's Political Consultative Conference.

The tax could be used for education if the proposal were adopted, he said, adding that some deputies have already received letters and phone calls from people opposed to the idea.

The last day of the 10-day first session of the Ninth Beijing Municipal People's Congress was devoted to choosing the city's mayor and seven vice-mayors.

Meanwhile, the General Secretary of the Party Zhao Ziyang, acting Premier Li Peng and Vice-Premier Wan Li were elected as deputies to the Seventh National People's Congress to be held this March. The congress elected a total of 64 deputies to the national congress.

Chen, the Mayor of Beijing, was re-elected for another five-year term while vice-mayors Zhang Jianmin, Zhang Baifa and Huang Chao also remain in office.

New faces in the city's leadership include Su Zhongxiang, director of the Beijing Public Security Bureau, and Lu Yucheng, director of the city's Science and Technology Committee.

Two women will also begin serving as vice-mayors. Wu Yi, 49, was the Communist Party secretary of the Beijing Yanshan Petrochemical Corporation before being elected Vice-Mayor, and she was also an alternate member of the Party Central Committee at the 13th Congress of the Party last year.

The other woman Vice-Mayor is He Luli, aged 53. She used to be the vice-governor of the city's Western City District and is now an alternate member of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang. Her father was Mayor of Beijing (now Beijing) in the 1940s.

Wu Yi and He Luli were among 10 candidates vying for the votes of more than 800 deputies attending the local congress.

The average age of the new leadership is 54, about four years younger than the last administration with an age range of 48 to 59, and six have received further education.

The Mayor told reporters he was very satisfied with his new colleagues and pledged "to do more and brag less."

The closing session of the congress which started on January 21, also elected Zhao Pengfei as the Chairman of the Standing Committee of the City's People's Congress, Liu Yunfeng Became President of the Beijing Higher People's Court, and He Fangba was chosen chief procurator.

Elects Two Women Vice Mayors

OW310432 Beijing XINHUA in English 1248 GMT
30 Jan 88

[Text] Beijing, January 30 (XINHUA)—Two women were elected vice-mayors of Beijing today at the ninth municipal People's Congress.

It is the first time two women have been elected vice-mayor at the same time.

Wu Yi and He Luli were among ten candidates vying for the votes of more than 800 deputies attending the congress which closed today.

Also elected were Chen Xitong as mayor, and five other vice-mayors.

Wu Yi, whose motto was "be always worthy," is the Communist Party secretary of the Beijing Yanshan Petrochemical Corporation.

She was elected an alternate member of the party Central Committee at the 13th congress of the party last fall.

A graduate of the Beijing Petroleum institute in 1962, she has held both technician and responsible management positions in a three-billion-yuan-a-year oil refining business.

He Luli is the vice-governor of the west district of Beijing and an alternate member of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang.

Among her new responsibilities will be taking charge of the sanitation work in the city. She has pledged to take measures to counter smoking and spitting in public places.

Ms. He, of French descent on her mother's side, attended the Beijing Medical College obtaining a degree in paediatrics. Her mother came to China at age 23 and married her collegemate He Siyuan, who used to be the mayor of Beiping (now Beijing) in the 1940's.

Only two other women have ever been elected vice-mayor of Beijing — Lei Jieqiong, a professor of sociology, and Fan Jin, a senior Communist Party member.

Beijing Residents Optimistic About Reforms
*OW011300 Beijing XINHUA in English 1241 GMT
1 Feb 88*

[Text] Beijing, February 1 (XINHUA)—The 13th National Party Congress last autumn left Beijing residents more optimistic about political and economic reforms being carried out in the country, according to a recent poll reported in today's CHINA DAILY.

The poll, conducted on November 1 by China Social Survey (CSS), involved 4,450 respondents canvassed on Wangfujing Street, Beijing University, Tiananmen Square and dozens of other busy streets and shopping centers in the capital.

The English-language daily said 36 topics were touched upon in the poll, including people's attitudes towards price policy, living standards of intellectuals, free markets, the quality of refrigerators and popularity of TV and radio programs.

The results will influence government planning and decisions for managers of businesses, the paper said.

Established in October 1986, CSS is the only non-governmental polling agency in the country.

Beijing Stabilizing Vegetable Supply
*OW301912 Beijing XINHUA in English 1136 GMT
28 Jan 88*

[Text] Beijing, January 28 (XINHUA)—The daily vegetable supply in the Chinese capital is now half a kg for every resident, according to today's BEIJING DAILY.

In a bid to increase and stabilize foodstuff supplies for nearly 10 million urban residents in Beijing, the city government in 1986 designated some rural areas to specialize in production of grain, vegetables, milk, eggs, meat, domestic fowls, fish, fruit and flowers.

Some 32 million yuan (about 8.64 million U.S. dollars) has been invested to develop grain production bases, said the paper, adding that per-hectare harvests last year rose to an average of 87,975 kg in the specialized areas, an increase of 1,492 kg per hectare over the average in the Beijing area.

The city has now 50,000 milk cows that supply liters of milk, 23 million egg-laying chickens and 8,000 hectares of fish farms that turn out 30,000 tons of freshwater fish every year, the paper said.

In addition, there were 8.93 million chickens sold in the capital last year, according to the newspaper.

The municipal government is intensifying its efforts to build farms to raise more pigs, cows and sheep, and enrich the diet of the citizens, the paper said.

Several infrastructural projects have been completed or are under construction to support these production bases, the paper said.

The projects include two vegetable seedling greenhouses, a cold storage that can store 2,500 tons of vegetables, a dairy products training center, a freshwater fish research center, a vegetable research center, four feed-processing plants, a slaughterhouse and a meat-processing factory, it said.

Xing Attends Hebei CPC Committee Meeting
*SK010842 Shijiazhuang HEBEI RIBAO in Chinese
14 Jan 88 p 1*

[Text] The Hebei Provincial CPC Committee held a democratic consultative meeting on the afternoon of 8 January. Responsible persons of various provincial democratic parties and mass organizations and nonparty patriotic personages were invited to the meeting to consult on the namelists for provincial candidates for the Seventh NPC.

Xing Chongzhi, secretary of the provincial party committee; and Li Wenshan, deputy secretary of the provincial party committee, attended the meeting. Xing Chongzhi said in his speech: The Seventh NPC will be convened following the 13th CPC Congress. Thus, the

convocation of the Seventh NPC is of extreme importance for intensifying the socialist democratic and political construction, consolidating and developing the excellent situation characterized by unity and stability, and promoting the smooth progress of reform, opening up to the outside world, and socialist modernization. We must regard the election of deputies to the Seventh NPC as a political task of solemn significance and should conscientiously do a good job in nominating, recommending, and electing deputies. Xing Chongzhi gave a detailed introduction to the province's work of nominating and recommending candidates for provincial deputies to the Seventh NPC.

At the very beginning of the meeting copies of the namelists of candidates for provincial deputies to the Seventh NPC were distributed to meeting participants, including responsible persons of the provincial Revolutionary Committee of the Kuomintang, the provincial China Democratic League, the provincial China Democratic National Construction Association, the provincial China Association for Promoting Democracy, the provincial Chinese Peasants and Workers Democratic Party, the provincial Jiu San Society, the provincial Federation of Industry and Commerce, the Alumni Association of Whampoa Military Academy, the Moslem Association, the Catholic Patriotic Association, and the Christian Association; nonparty personages; and representatives of mass organizations. Participants conscientiously discussed the namelists and held that these namelists were put forward by the provincial party committee in line with the guidelines of the CPC Central Committee on the basis of following the mass line and through conducting investigation and study and exchanging opinions with relevant departments.

Through democratic consultation, participants unanimously approved submitting the namelists of candidates for provincial deputies to the Seventh NPC to the presidium of the first session of the sixth provincial People's Congress

Hebei Provincial People's Congress Meets

Xing Chongzhi Attends

SK010811 Shijiazhuang HEBEI RIBAO in Chinese
14 Jan 88 p 1

[Excerpts] The sixth session of the sixth provincial People's Congress ceremoniously opened in the auditorium of the provincial Military District at 0900 on 13 January. Guo Zhi presided over the session. Sun Guozhi delivered an opening ceremony. [passage omitted]

The session adopted the electoral method of the sixth session of the sixth provincial People's Congress.

Seated in the front row on the rostrum were Sun Guozhi, Guo Zhi, Zhang Zhenchuan, Pan Chengxiao, Liu Ying, Zhang Kerang, Wang Yu, Han Qimin, Du Benjie, Wang Youhui, and Li Tie, executive members of the congress session.

Also seated on the rostrum were current and former principal leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial Military District, and the various democratic parties. These included Xing Chongzhi, Xie Feng, Li Wenshan, Yue Qifeng, Lu Chuanzan, Bai Shi, Liu Ronghui, Chen Yujit, Li Haifeng, Wang Zheng, Zeng Mei, Yang Zijiang, Liu Bingyan, Yin Zhe, Niu Shucui, Wang Dongning, Cao Youmin, Ge Qi, Zhang Da, Ding Tingxin, Zhou Xueao, Wang Zuwu, Hong Yi, Song Shuhua, Li Feng, Xu Chunxing, Zhang Ruolin, Chen Lintang, Ma Zhuozhou, Ma Xinyun, Huang Feng, Liu Zhenhua, and Dong Naifang.

Other members of the presidium of the congress session were also seated on the rostrum.

Session Ends

SK020755 Shijiazhuang HEBEI RIBAO in Chinese
16 Jan 88 p 1

[Excerpts] After satisfactorily accomplishing all tasks, the sixth session of the sixth provincial People's Congress concluded on 15 January. Attending the 15 January meeting were Sun Guozhi, Guo Zhi, Zhang Zhenchuan, Pan Chengxiao, Liu Ying, Zhang Kerang, Wang Yu, Han Qimin, Du Benjie, Wang Youhui, and Li Tie, executive members of the session's presidium. Seated on the rostrum were members of the presidium of the session, as well as other leading comrades.

Sun Guozhi presided over the meeting. He announced that the sixth provincial People's Congress has 1,125 deputies, and that 825 of them attended the 15 January meeting, thus reaching the legal number of electors. Then the meeting elected Wang Yu as the general ballot supervisor.

Deputies attending the meeting elected the province's deputies to the Seventh NPC through secret balloting.

The namelist of candidates submitted to the session was put forth by the Hebei Provincial CPC Committee, after holding consultations with figures of various democratic parties, and people's groups, and with nonparty personages. [passage omitted]

Through serious and conscientious elections, 100 comrades were elected as the province's deputies to the Seventh NPC.

In conclusion, the session also adopted the provincial People's Congress Standing Committee's "Decision on the Number of Deputies and the Election Date of the Seventh Hebei Provincial People's Congress."

Nei Monggol Puts Forward CYL Work Targets
SK010829 Hohhot NEIMENGGU RIBAO in Chinese
16 Jan 88 p 1

[Excerpts] The enlarged plenary session of the autonomous regional CYL Standing Committee concluded on 14 January. The session put forward the demands for carrying out CYL work throughout the region in 1988, which are as follows: Efforts should be made to earnestly implement the spirit of the 13th CPC Congress and the fifth enlarged plenum of the fourth autonomous regional party committee; by bearing in mind the region's fighting target of economic development, to enhance the self-improvement of CYL committees; to radiate the vigor of CYL committees at the grassroots level; and to discover new roads and make new contributions to promoting social productive forces and training new personnel with the conditions of four requirements.

During the session, Qian Fenyong, deputy secretary of the autonomous regional party committee, was present. He sponsored a forum with the participants to hear their reports and answer questions raised. He urged the CYL organizations to represent the interest of youths, to deal with the practical problems encountered by youths, to do a good job in being the assistants of the party by setting up close ties with the masses, and to truly bring into full play their bridge and linking role. He also urged the broad masses of CYL cadres to train their ability of serving the people in the drive to conduct reforms.

The session approved the "decision" on uniting with and leading the broad masses of CYL members and youths throughout the region to make contributions to fulfilling the three targets set forth by the regional authorities. Session attendees also defined the work emphasis of the region's CYL organizations. [passage omitted]

The session called on CYL organizations at all levels throughout the region, CYL members and youths of various nationalities, and the broad masses of CYL cadres to actively go into action and to dedicate their youth and strength to fulfilling the three targets set forth by the autonomous regional party committee and building Nei Monggol into a region with unity, wealth, and civilization by displaying the spirit of fearing nothing and of striding bravely forward. [passage omitted]

Shanxi Elects New Government Leaders
OW310921 Beijing XINHUA Domestic Service
in Chinese 1244 GMT 29 Jan 88

[Text] Taiyuan, 29 Jan (XINHUA)—During its first session held on 27 and 28 January, the Seventh Shanxi Provincial People's Congress elected the following new leading members of the provincial People's Congress and the provincial people's government:

Chairman of the Standing Committee of the Shanxi Provincial People's Congress: Wang Tingdong.

Vice chairmen: Yan Wuhong, Feng Sutaoy, Zhang Jianmin, Pan Ruizheng [3382 3843 1767], Liu Yanqing, and Wei Yunyu (female).

Wang Senhao was reelected governor of Shanxi. Bai Qingcai, Guo Yuhuai, Wu Dacai [0702 6671 2088], and Wu Junzhou [0702 0193 3166] were elected vice governors.

Tianjin's Li Ruihuan at Police Rally
SK291150 Tianjin City Service in Mandarin
2300 GMT 28 Jan 88

[Excerpts] Tianjin Municipality's rally to extend regards to public security cadres and policemen and to commanders and fighters of armed police forces was held at the municipal people's gymnasium on the afternoon of 28 January.

Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, and Wu Zhen, deputy secretary of the municipal party committee and chairman of the municipal CPPCC Committee, made speeches at the rally. [passage omitted]

Municipal leading comrades, including Tan Shaowen, Nie Bichu, and Zhang Zaiwang, attended the rally.

Li Ruihuan pointed out in his speech: The general situation in Tianjin over the past few years was good. In the process of consolidating and developing the gratifying situation, the vast number of cadres and policemen on the public security front and the vast number of commanders and fighters of armed police forces have made a due contribution. The municipal party committee and all people of the municipality are satisfied with the work of public security and armed police force fronts.

Li Ruihuan said: Facing the gratifying situation, all comrades on the public security and armed police force fronts should clearly estimate the new situation and the new problems they confront and should clearly understand that they have undertaken extremely important and arduous tasks.

We should always remember the work in two fields. First, we should unite the vast number of the masses; do good, concrete deeds for the people; and arouse the people's enthusiasm. Second, we should work out a set of methods and measures against the bad in order to substantially enhance public security work and ensure safety in security work. The vast number of public security cadres and policemen and the vast number of commanders and fighters of armed police forces should clearly understand the situation, enhance the sense of

responsibility, improve their work on the basis of the existing achievements, and positively create a good and safe environment for all people of the municipality. [passage omitted]

Before the rally, municipal leading comrades cordially met with representatives of advanced collectives and advanced individuals from the municipal public security front, with 1987's excellent traffic policemen, and with members participating in the on-going enlarged meeting of the party committee of the municipal armed police headquarters. They also had a group photo taken to mark the occasion.

Advanced units staged brilliant performances at the rally.

Northeast Region

Heilongjiang People's Congress Committee Meets
SK280435 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 26 Jan 88

[Text] The first Standing Committee meeting of the Seventh Heilongjiang Provincial People's Congress opened in Harbin on 26 January.

The meeting was presided over by Sun Weiben, chairman of the provincial People's Congress Standing Committee. Vice chairmen of the provincial People's Congress Standing Committee, including Wang Jun, Wang Yusheng, Wang Zhaozhi, Du Dianwu, He Shoulun, Zhang Ruoxian, Zhao Qingjing, and Ji Hua, attended the meeting. Vice Governor Chen Yunlin, and (Tang Lanting), president of the provincial Higher People's Court, attended the meeting as observers.

Zhang Ruoxian, vice chairman of the provincial People's Congress Standing Committee, first gave a briefing to the committee members on how the provincial People's Congress Standing Committee exercises its functions.

Secretary General Qu Shaowen gave a report on the 1988 major points of work of the provincial People's Congress Standing Committee. (Bai Zheng), deputy secretary general of the provincial People's Congress Standing Committee, explained the draft rules of the procedures of the Heilongjiang Provincial People's Congress Standing Committee.

Sun Attends News Conference

SK310728 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 26 Jan 88

[Text] On the morning of 26 January, Sun Weiben, chairman of the seventh provincial People's Congress Standing Committee, and all vice chairmen held a press conference with reporters at the studio of the provincial Radio and Television Department. Chairman Sun Weiben first made a short speech at the press conference.

Sun Weiben said: [being recording] At the seventh provincial People's Congress, I and several other persons were elected chairman and vice chairmen to join the leading body of the provincial People's Congress Standing Committee. As far as we are concerned, we really feel our heavy burden, because in the future the responsibilities of the People's Congress will become more arduous along with the development of reform, opening up, and the socialist construction cause and its role in the country's political life will also become more important. We were elected members of this leading body under such circumstances. In line with the spirit of the People's Congress and with the support of the people throughout the province, we will successfully fulfill the tasks shouldered by the People's Congress. [end recording]

After Sun Weiben's speech, reporters raised questions that they needed answered.

A reporter said: [begin recording] [Reporter (Guan Gong)] I am a reporter from the Heilongjiang radio station. My name is (Guan Gong). Today when we advocate the practice of separating party and government functions, it is (?rare) for other provinces to have the secretary of the provincial party committee serve concurrently as chairman of the provincial People's Congress Standing Committee. In your case, because you are the secretary of the provincial party committee and chairman of the provincial People's Congress Standing Committee, would you please tell us how you separate these two jobs and make them well coordinated.

[Sun Weiben] It was the leading party group's order to have me serve concurrently as chairman of the People's Congress. What should I do? First, as far as I am concerned, I will scientifically arrange time for the work. Furthermore, I will also eliminate routinism and will pay attention to grasping major matters in both fields. Second, I will stress collective leadership and the job-sharing responsibility system under the collective leadership in both sides, whether I am in the provincial party committee or in the provincial People's Congress. Third, in line with the demands of the political structural reform, I will strengthen the organs of the provincial party committee and the provincial People's Congress and enable them to perform their own functions.

[Reporter (Xie Quan)] I am (Xie Quan), a reporter from HEILONGJIANG RIBAO. I want to raise this question: All people knew that during an election for mayor at the Jiamusi City People's Congress held not long ago, a cadre recommended by the provincial party committee, who was also a candidate nominated by the presidium of the city People's Congress, failed to be chosen. At the congress, a candidate who was nominated by more than 10 deputies won the election. This matter caused a sensation in Jiamusi City and evoked strong repercussions in the whole province. Would Chairman Sun comment on this?

[Sun Weiben] During Jiamusi City's election, the Election Committee of our provincial People's Congress also sent persons to attend it. I would like to ask Comrade Wang Jun to answer your question.

[Wang Jun] To this question, as far as I know, I maintain that the election at the Jiamusi City People's Congress conformed with legal procedures and was valid. But the introduction of candidates and the repeated discussions were not enough. [end recording]

Reporters from HEILONGJIANG RIBAO, Heilongjiang television station, ZHONGGUO NONGMIN BAO, JINGJI RIBAO, XINHUA News Agency, and ZHONGGUO FUNU BAO also raised questions on the implementation of the Land Law, how to promote democratic politics, and how to make women participate in and discuss political affairs. Chairman Sun Weiben and other vice chairmen answered their questions one by one.

Meeting Ends

SK310740 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 27 Jan 88

[Text] The 2-day meeting of the first Standing Committee of the Seventh Heilongjiang Provincial People's Congress ended in Harbin today.

The meeting put forward this year's major points of work of the provincial People's Congress Standing Committee. These points included the following: This year, we should further emancipate our minds; exercise our functions and power in line with the law and around the tasks of stabilizing the economy and deepening reform; pay attention to grasping local legislation and enforcing and supervising the implementation of laws; establish contacts with deputies; fully display the role of the organs of state power; strengthen socialist democracy and the legal system; and contribute to comprehensively fulfilling the province's tasks for 1988.

Sun Weiben, chairman of the provincial People's Congress Standing Committee, presided over the meeting. Vice chairmen of the provincial People's Congress Standing Committee, including Wang Jun, Wang Yusheng, Wang Zhaozhi, Du Dianwu, He Shoulun, Zhang Ruoxian, Zhao Qingjing, and Ji Hua, attended the meeting. (Tang Lanting) and Jia Chengwen attended as observers.

Voting by giving applause, the meeting adopted the major points of work of the Heilongjiang Provincial People's Congress Standing Committee for 1988. In 1988 the provincial People's Congress Standing Committee will continue to do a good job in local legislative work and will formulate detailed regulations for implementing the forest law in line with the province's actual situation; the trial method for implementing the organic law of the villagers' committee; the provincial People's Congress Standing Committee's supervisory rules; the

work rules of township governments; and regulations for managing technological markets, controlling and managing the quality of products, managing agricultural contracts, protecting consumers' interests, and protecting health.

The meeting also discussed and approved regulations of the Dorbod Monggol Autonomous County and formulated and approved the procedures for the Harbin and Qiqihar City People's Congresses to submit their local laws and regulations to the meeting.

The meeting stressed: It is necessary to strengthen the work of examining law enforcement. This can be done particularly by inspecting and supervising the implementation of the general rules of the civil code; the forest law; the food hygiene law; the pharmaceuticals management law; regulations for managing public security and punishing violators; commodity price management regulations; regulations for collecting fees, fines, confiscation, and funds; and regulations for punishing gamblers. It is necessary to organize the second province-wide inspection on law enforcement along with joint efforts of the government, the Higher People's Court, and the People's Procuratorate; and check the problems which the people reacted strongly to, such as serious bureaucracy and violation of laws and discipline.

Hou Jie, deputy secretary of the provincial party committee and governor, also addressed the meeting. He said: The new provincial government should properly establish relations with the provincial People's Congress Standing Committee, more consciously receive supervision from the provincial People's Congress and its Standing Committee, conscientiously implement the resolutions and decisions made by the provincial People's Congress Standing Committee, and submit reports in a timely manner for the provincial People's Congress Standing Committee to discuss and ask it to decide on major matters in an effort to win great support and help from it and from the deputies.

Sun at Heilongjiang Militia Congress Closing

SK010425 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 28 Jan 88

[Excerpt] The fifth provincial militia congress concluded in Harbin today.

The congress commended and awarded 158 advanced units and 89 advanced individuals emerging from militia work. Liu Jingsong, commander of the Shenyang military Region; Sun Weiben, secretary of the provincial party committee and first secretary of the party committee of the provincial Military District; and Du Xianzhong, vice provincial governor, made speeches at the closing ceremony. Commander Liu Jingsong fully affirmed the province's militia work. [pawssage omitted]

Heilongjiang's Sun Pays Last Respects to Cadre
SK010431 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 30 Jan 88

[Text] Comrade Li He, outstanding member of the CPC, loyal communist fighter, vice chairman of the Fifth Heilongjiang Provincial CPPCC Committee, and executive chairman of the presidium of the first session of the sixth provincial CPPCC Committee, died in Harbin City at 0738 on 15 January 1988 of illness caused by constant overwork and after all lifesaving efforts proved ineffectual. He was 61 years old.

Comrade Li He joined in the revolutionary work in March 1946 and entered the CPC in November 1947. A service to pay last respects to the remains of Comrade Li He was held in the auditorium of the provincial CPPCC Committee on the morning of 30 January. Attending the service were leading comrades from the party and government organs, including Sun Weiben and others.

Heilongjiang's Sun Speaks at Scientific Forum
SK010203 Harbin Heilongjiang Provincial Service
in Mandarin 2200 30 Jan 88

[Excerpt] The Organizational Department under the provincial party committee sponsored a spring festival forum of scientific and technological specialists in Harbin City on 30 January.

During the forum, Sun Weiben, secretary of the provincial party committee, delivered a speech and stated: The policy decision, formulated by the provincial authorities on relaxing control over science and technology and encouraging scientific and technological personnel to enter the major battlefield of economic construction, will be issued soon. [passage omitted]

Heilongjiang Union Council on Improving Work
SK010836 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 30 Jan 88

[Text] The fifth enlarged plenary session of the fifth provincial Trade Union Council concluded on 29 January. The session stressed that while deepening reforms in an overall way, trade union work should enhance its function of safeguarding the interests of staff members and workers, represent and maintain the collective interests of workers, and to build trade unions into organizations which are recognized by or have been made their own by workers.

During the session, Chen Youyi, deputy director of the provincial Trade Union Council, delivered a speech in which he stated: At present, efforts should be made to enhance the function of trade unions in safeguarding the interests of staff members and workers in the following five aspects:

1. Efforts should be made to enhance the work of protecting the democratic right of staff members and workers in politics to promote the development of democratic supervision, dialogues, and elections.
2. Efforts should be made to understand the people's opinions and demands in a timely manner; to relay these opinions and demands through multiple channels to the party, the government, and the administrative organs; and to have trade unions actively join in formulating the relevant regulations and rules relating to the personal interests of staff members and workers in order to safeguard the interests of staff members and workers.
3. Efforts should be made to enhance the work of carrying out safety, protection, and supervision in both production and in operating.
4. Efforts should be made to enhance the work of maintaining the wages and insurance systems of staff members and workers and the specific interests of women staff members and workers.
5. Efforts should be made to maintain the legal rights and interests of staff members and workers by applying the legal measures and to enhance the work of examining letters from the people, receiving the people who lodge complaints, and of establishing advisory offices in charge of legal affairs.

Jilin CPPCC Standing Committee Holds Meeting
SK010023 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 28 Jan 88

[Text] The Standing Committee of the Sixth Jilin Provincial CPPCC Committee held its first meeting in Changchun City on 28 January. Liu Yunzhao, chairman of the provincial CPPCC Committee, presided over the meeting.

Attending the meeting were vice chairmen of the provincial CPPCC Committee, including Feng Ximing, Zhang Dexin, Guan Mengjue, Geng Yuelun, Luo Yuejia, Jin Minghan, Cai Qiyun, Lu Shiqian, and (Peng Xirui); (Zhang Hongkui), secretary general of the provincial CPPCC Committee; and 85 members of the provincial CPPCC Standing Committee.

During the meeting, participating members discussed the major work tasks of 1988. They pointed out: During the new year, we should regard the work of studying and publicizing the documents adopted at the 13th CPC Congress and implementing the congress spirit as a central task of CPPCC work for the current or upcoming periods. Efforts should be made to offer ways and means to continuously enrich or improve the systems of political consultation and democratic supervision, and for the provincial party committee and people's government to make policy decisions. Attention should be paid to pushing forward the principal position of the CPPCC members, to bring into play the strong point of the

CPPCC Committees in which there is a galaxy of talented personnel, actively carrying out foreign contacts of friendship, and to render services for the peaceful reunification of the motherland. In line with the need of the new situation and new tasks, efforts should be made to enhance investigation and study and to further push forward the work of historical accounts of past events while conducting reforms and opening to the outside world. According to the demand set for conducting reforms in the political systems, efforts should be made to further enhance the self-improvement of the CPPCC committees. All of the aforementioned work will be the major tasks of the CPPCC committees in 1988.

The meeting held a discussion on the trial regulations governing the work of the sixth provincial CPPCC Standing Committee and on the principles and opinions of setting up various committees under the CPPCC committees. The meeting decided to set up the new socialist legal system committee in addition to the original motion work committee; economic, scientific and technological committee; culture, education, and public health committee; historical accounts of past events committee; and motherland reunification committee.

In line with the suggestion submitted by (Zhang Hongkui), secretary general of the provincial CPPCC Committee, (Yao Naichen), (Cheng Peiyue), and (Xiao Shanying) were appointed deputy secretaries general of the sixth provincial CPPCC Committee.

In concluding the meeting, Comrade Liu Yunzhao delivered a speech.

Seventh Jilin People's Congress Meets

Gao Di Attends Presidium

SK010131 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 29 Jan 88

[Text] The presidium of the first session of the seventh provincial People's Congress held its third meeting this morning. Liu Cikai, executive member of the presidium, presided over the meeting. The meeting approved a draft report on examination of motions given by the motions examination committee; and a draft report on fulfillment of the 1987 budget, and examination of the 1988 draft budget given by the budget examination committee. Based on the opinions of the majority of deputies, the presidium approved a draft namelist of candidates for deputies to the Seventh NPC; a draft namelist of candidates for chairman, vice chairmen, secretary general and members of the Standing Committee of the seventh provincial People's Congress; a draft namelist of candidates for provincial governor and vice governors; and a draft namelist of candidates for president of the provincial Higher People's Court, and chief procurator of the provincial People's Procuratorate. The meeting also approved a draft namelist for chief ballot supervisor, deputy chief ballot supervisors, and ballot supervisors. These namelists have been submitted to the session

for approval. The meeting also approved draft resolutions of the first session of the seventh provincial People's Congress on the provincial government work report, the provincial plan for national economic and social development, fulfillment of the Jilin Provincial 1987 budget and on its 1988 budget, the work report of the Standing Committee of the provincial People's Congress, the work report of the provincial Higher People's Court, and the work report of the provincial People's Procuratorate. Meeting attendees submitted these plans and reports to the session for approval.

Executive members of the presidium attending the meeting were Gao Di, Huo Mingguang, Wang Zhongyu, Cheng Shengsan, Cui Lin, Wang Jiren, Yu Ruihuang, Dong Su, Renqin Zhamusu, Zhu Jinghang and Xu Yuancun.

This morning, candidates for provincial governor and vice governors met with all the deputies to the session.

Session Concludes

SK010233 Changchun Jilin Provincial Service
in Mandarin 1030 MT 30 Jan 88

[Excerpts] Leading members of the Jilin Provincial People's Congress Standing Committee, and the provincial government were elected today. Huo Mingguang was elected chairman of the standing committee of the seventh provincial people's congress, and He Zhukang was elected governor of Jilin Province. The 8-day first session of the seventh provincial People's Congress concluded at the auditorium of the provincial guesthouse this afternoon after satisfactorily fulfilling its agenda. [passage omitted]

During the session, the deputies earnestly exercised their democratic rights, and fully reflected the desires of the masses. After repeated deliberations, they elected new leading persons of our province's organ of political power, and our province's deputies to the Seventh NPC.

Executive chairmen attending today's closing ceremony were listed as follows in the order of the number of strokes of their surnames: Wang Jiren, Wang Zhongyu, Renqin Zhamusu, Cheng Shengsan, Liu Cikaw, Zhu Jinghang, Wu Duo, Yu Ruihuang, Gao Di, Xu Yuancun, Cui Lin, Dong Su and Huo Mingguang.

Deputies attending today's session totaled 492, the legal number. Comrade Huo Mingguang announced the results of the elections. (Ding Xusheng) and 86 other persons were elected as our province's deputies to the Seventh NPC. Their names will be submitted to the NPC Credentials Committee for examination, and will become effective upon its affirmation. Among these deputies are persons nominated and sent to our province for election by the central authorities. They are Guan Shanfu, (An Taixiang), (Yang Jinren), Zhang Dejiang and (Gao Xiu). Huo Mingguang was elected as chairman of the Standing Committee of the seventh provincial

People's Congress. Cheng Shengsan, Cui Lin, Yu Ruihuang, Renqin Zhamusu, Zhu Jinghang, Xu Yuancun, Chen Zhenkang and (Ge Muyun) were elected as vice chairmen, Zhang Jiande was elected as secretary general, and (Wan Xin) and 44 others were elected as members. He Zhukang was elected governor of Jilin Province. Liu Xilin, Gao Wen, Li Dezhu, Hui Liangyu and Gao Yan were elected vice governors. Xie Anshan was elected president of the Jilin Provincial Higher People's Court. Li Xiangwu was elected chief procurator of the Jilin Provincial People's Procuratorate. In line with the stipulations of the Organic Law, the name of the chief procurator of the provincial People's Procuratorate will be submitted by the Supreme People's Procuratorate of the NPC Standing Committee. The election will become effective upon approval by the NPC Standing Committee. Amid warm applause, Chairman Huo Mingguang introduced the newly elected vice chairmen of the Standing Committee of the provincial People's Congress, provincial governor and vice governors, president of the provincial Higher People's Court and chief procurator of the provincial People's Procuratorate to the participating deputies. Warm applause broke out in the hall.

Through voting by a show of hands, the session approved the resolutions of the first session of the seventh provincial People's Congress on the government work report, the Jilin Provincial 1988 plan for national economic and social development, the fulfillment of the Jilin Provincial 1987 budget and its 1988 budget, the work report of the standing committee of the sixth provincial People's Congress, the work report of the provincial Higher People's Court, and the work report of the provincial People's Procuratorate. It also approved a resolution on the report on motions examination delivered by Cui Lin, chairman of the motions examination committee. [passage omitted]

Jilin's Gao Di Holds Talks with New Leaders
SK010301 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 30 Jan 88

[Text] After the first session of the seventh provincial People's Congress was concluded, leading comrades of the provincial party committee, including Gao Di, Wang Zhongyu and Du Qinglin, held cordial talks with the newly elected leading comrades of the provincial People's Congress Standing Committee, the provincial government and the provincial CPPCC committee at the place where the session was held.

Comrade Gao Di first extended congratulations to the participants. He said: Elections of the leading comrades of the provincial organs of state power from a larger number of candidates represented a good beginning to fully develop democracy and strictly act according to law, and for legal deputies to fully exercise their democratic rights.

Comrade Gao Di said: New leaders should have new ideas and workstyles. To open up a new situation in their work, they should conscientiously implement the guidelines of the 13th party congress, further emancipate their

minds, actively make progress, conduct explorations and create the new, and deepen our province's reform and opening up.

Comrade Gao Di urged: Newly elected leading comrades should live up to the great trust placed by the people throughout the province, set strict demands on themselves in the areas of ideology, workstyle and life, and act as an example in rectifying party style. They should work harder after they are promoted. They should emulate veteran comrades in doing work, but should never compete with them in the field of living conditions. They should be the first to bear hardships and the last to enjoy comforts, and make sure that no special cars, no secretaries and no new houses are distributed to them after they assume new posts. In doing work, they should carry forward the realistic workstyle, renounce empty talk in favor of practical work, be modest and prudent, and perform their work in a down-to-earth manner. They should correctly treat and use the powers entrusted by the people, serve the people throughout the province faithfully and wholeheartedly, and truly represent the people when exercising their powers.

The newly elected comrades earnestly said that they will live up to the great expectations of the provincial party committee and the people throughout the province. They were determined to lead the people throughout the province to work hard in unison, and make their due contributions to realize the fighting goals of our province's economic and social development, and bring benefit to the 23 million Jilin people.

Liaoning CPPCC Session Concludes 26 January
SK280413 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 26 Jan 88

[Excerpts] The First Session of the Sixth Liaoning Provincial CPPCC Committee concluded ceremoniously in Shenyang this afternoon. The session elected the chairman, vice chairmen, secretary general, and Standing Committee members of the Sixth Liaoning Provincial CPPCC Committee. Session attendees also approved a report on the examination of motions, and a resolution on the first session of the sixth provincial CPPCC Committee. [passage omitted]

The session elected Xu Shaofu as chairman, Shen Xianhui, Chen Enfeng, Chen Yanzhi, Niu Pingfu, Liu Mingjiu, Lu Guangji, Gu Xueqiu, Ma Longxiang, Yue Weichun, Liu Qingkui, Peng Xiangsong, Li Qisheng, Li Ming, and (Wang Shuzgi) as vice chairmen, and (Li Binghua) as secretary general of the provincial CPPCC Committee.

Xi Shaofu, new chairman of the provincial CPPCC Committee, delivered a speech. [passage omitted]

Liaoning Standing Committee Holds Meeting
SK300423 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 28 Jan 88

[Text] The newly elected Standing Committee of the Seventh Liaoning Provincial People's Congress held its first meeting in Shenyang on 28 January.

At the meeting, Cui Ronghan, vice chairman of the provincial People's Congress, relayed the guidelines of the 24th Standing Committee meeting of the 6th NPC and Chairman Peng Zhen's important speech. Standing Committee members conscientiously discussed the 1988 work priorities of the provincial People's Congress Standing Committee. The members also set forth some good ideas to implement the guidelines of the 13th CPC Congress and further strengthen and improve the work relating to the People's Congress.

Wang Guangzhong, chairman of the provincial People's Congress Standing Committee; and Zhang Tiejun, vice chairman of the provincial People's Congress Standing Committee, respectively presided over the meeting and made speeches at the meeting. Zhang Zhengde, chairman of the sixth provincial People's Congress Standing Committee; and Xie Huangtian and Liu Zenghao, vice chairmen of the sixth provincial People's Congress Standing Committee, attended the meeting.

Comrade Zhang Zhengde pointed out in his speech: I extend my heartfelt greetings to the newly elected Standing Committee of the seventh provincial People's Congress. We believe that the new People's Congress Standing Committees will certainly be able to unite as one to implement the guidelines of the 13th CPC Congress, improve the socialist democracy, perfect the socialist legal system and make greater contributions to the province's reform and construction.

On behalf of the seventh provincial People's Congress Standing Committee, Chairman Wang Guangzhong extended heartfelt thanks and sincere respects to Veteran Comrades Zhang Zhengde, Xie Huangtian, and Liu Zenghao who retired from the leading body of the Standing Committee. He also pledged to improve the work of this Standing Committee to a new level, based on the fine foundation laid by the last Standing Committee.

Shenyang Factory Director Penalized for Bankruptcy
OW300731 Beijing XINHUA in English 1538 GMT
28 Jan 88

[Text] Shenyang, January 28 (XINHUA)—The Shenyang City Government has decided to deprive a former factory director of unemployment relief for two years for causing the factory to go bankrupt, XINHUA learned today.

Shi Yongjie, 56, was director of the collectively-owned Shenyang explosion-proof apparatus factory between 1983 and 1985. He has been accused of incapable leadership and poor management, which led to the factory's bankruptcy in August 1986.

The factory was the first in socialist China to be declared bankrupt and, because of that, the case was publicized nationwide to show the government's determination to end the "iron rice bowl" practice—meaning reliance of factories on the government for their losses.

Shi signed a city government paper notifying him of the penalty yesterday. But he told XINHUA that excess government interferences were also responsible for the factory's doom.

The former director of Shenyang No. 3 Farming Machine Plant and the former deputy director of Shenyang Hardware Casting Plant had been dismissed from their posts, and the latter fined 800 yuan as a penalty.

However, these two plants, after being served the one-year warning of impending bankruptcy—the so-called yellow card—recovered sufficiently to continue operating.

Northwest Region

Gansu People's Congress Elects Officials
HK020107 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 1 Feb 88

[Text] At the second election held by the First Session of the Seventh Gansu Provincial People's Congress on 1 February, Xu Feiqing was elected chairman of the provincial People's Congress Standing Committee, and (Xing Yannian) was elected secretary general. Liu Shu, Zhang Wule, Yan Haiwang, Lu Ming, and Mu Yongji were elected vice governors of Gansu.

Selects Jia Zhijie Governor
HK310437 Lanzhou Gansu Provincial Service
in Mandarin 0430 GMT 31 Jan 88

[Text] Here is an item of news just received. The First Session of the Seventh Gansu Provincial People's Congress held its fifth full gathering this morning, which elected Jia Zhijie as provincial governor.

Ningxia Seeks Cooperation With Islamic World
OW011600 Beijing XINHUA in English 1250 GMT
31 Jan 88

[Text] Beijing, January 31 (XINHUA)—The Ningxia Hui Autonomous Region in northwest China has in recent years opened its door and sought ways to cooperate with Islamic countries, the late issue of English-language BEIJING REVIEW reported.

With one-third of its four million people being Muslims, the region has sought to attract foreign funds with its rich resources and to develop economic cooperation with other countries, particularly Islamic countries.

The weekly recalled that in April 1985, a Muslim friendship delegation led by He Boli, then chairman of the autonomous region, visited six Muslim countries to promote cooperation with them. Since then Ningxia has exchanged more visits with these countries.

The region's cooperation with Islamic countries have speeded up since September 1985 when the region hosted an Islamic international economic and technological cooperation negotiation meeting in its capital city of Yinchuan.

Following the meeting, the Ningxia Islamic Economic and Technological Cooperation Co. (NIETC) and the Ningxia Islamic Trust and Investment Co. (NITIC) were founded.

NIETC now has six offices abroad — three in Egypt and one each in Thailand, Hong Kong and Kuwait. Zhao Xianjun, the company's deputy general manager, said that since January 1986, the company has contracted five projects in Egypt, Thailand and Kuwait, and established two joint ventures in Egypt.

Zhang Jishun, chief engineer of NITIC, said NITIC is China's only trust and investment business seeking to deal fraternally with Muslim businesses.

So far the company has provided guarantees for over 10 hotels and enterprises for loans coming from Hong Kong, Singapore, Japan and the United States.

NITIC has also established business relations with over 50 financial, trade and industrial businesses in 19 countries and regions, including Islamic countries in the Middle East.

Contracting projects and providing labor services abroad constitute a major part of Ningxia's cooperation with Islamic countries. Since 1980, the region has sent over 3,000 people abroad for the construction of 250,000 sq m of factory and hotel buildings and 7,000 apartments (totalling five million sq m) in Egypt.

Sixth Shaanxi People's Congress Progresses

Deputies Air Problems

HK310511 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 31 Jan 88

[Excerpts] In the past few days, the deputies attending the sixth session of the sixth provincial People's Congress have been putting forward many constructive

views and suggestions on some problems in rural economic work. They focused on acting Governor Hou Zongbin's work report on deepening the reforms, boosting reserve strength, and striving to invigorate the province's rural economy.

(Xu Jincheng), an Ankang deputy, said that the most outstanding problems hampering agricultural development at present are: First, prices of major production materials have risen and there is a serious shortage of these materials. This has greatly affected production. It is also not possible to ensure the supply of chemical fertilizer and other materials that is to be exchanged with the peasants for their goats and pigs. This affects the peasant households' enthusiasm. Second, the peasants are presently very enthusiastic about cleaning up and reclaiming land and building small water conservancy projects. However, due to financial difficulties, it is impossible to pay the subsidies and rewards for overfulfillment of contracts in this work. This also affects the peasants' enthusiasm to a certain degree. It means that it is impossible to launch agricultural capital construction in a big way. Third, there are too many constraining factors in developing township and town enterprises. The outstanding problem is that of raw materials. Fourth, at present the organs of many village-level organizations are paralyzed and they are unable to function. There are too many transfers of township cadres, who cannot work with their minds at ease.

Weinan deputy (Wang Shuangqi) said: At present the rural economy is facing five major problems: 1) The farming area has been reduced sharply and soil fertility has declined. 2) Water conservancy facilities are not properly maintained and thus lose their effectiveness. 3) Production is affected by backwardness in science and technology. 4) The agricultural foundation is brittle due to a drop in investment. 5) Coordinated reforms in agriculture have failed to keep up with needs. The two-level management system is far from perfect. A rural circulation system suited to the development of commodity economy has not yet formed. The peasants sometimes find it difficult to buy or sell things. We must seriously study and solve these problems. We need to boost the reserve strength of agriculture and promote the steady development of the rural economy. [passage omitted]

Yanan deputies (Lei Zhangcai) and (Feng Baotong) said: At present it seems that no one is concerned about ideological education work in the rural areas, and the peasant masses' state of mind is rather confused. It is essential to assign a very important position to ideological education for the peasants. Rural disputes over orchards, land, house property and so on cannot be solved over a long period of time. Law enforcement departments mutually withdraw from handling certain criminal cases that have aroused great popular anger. In addition, there is interference from unhealthy trends, with the result that many problems drag on for a long time and are even left unsettled, causing the masses to

constantly petition the higher authorities. It is essential to carry out a thorough investigation of the problems in cadre work style, and listen to the views and cries of the peasant masses. [passage omitted]

(Yang Jiaxian), director of the provincial Family Planning Commission, said that the current decline in farming area and increase in population represent an outstanding contradiction. We must grasp production on the one hand and ceaselessly grasp family planning work on the other. We must in particular get good results in the rural areas. Shaanxi carries out 200,000 contraceptive operations every year. Calculating that each person needs 300 jin of grain, this means a total savings of 60 million jin each year. This shows how important family planning is.

Xian deputy (Chen Shizhen) said that, taking the long-term view, mechanization is essential to boosting the reserve strength of agriculture. However, at present the tractors are not playing much part in agriculture; instead they are engaged in transport work in the cities, causing traffic congestion and increased accidents. This problem merits attention. [passage omitted]

Elects Hou Zongbin Governor

HK010157 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 1 Feb 88

[Excerpt] The Sixth Session of the Sixth Shaanxi Provincial People's Congress elected Comrade Hou Zongbin as the replacement provincial governor on 31 January. [passage omitted]

Session Concludes

HK020157 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 2 Feb 88

[Excerpts] The Sixth Session of the Sixth Shaanxi Provincial People's Congress victoriously concluded in Xian yesterday afternoon. The session unanimously passed a resolution on Comrade Hou Zongbin's report entitled: Deepen the Reforms, Boost the Reserve Strength, and Strive To Invigorate the Province's Rural Economy. [passage omitted]

Provincial Party Committee Secretary Zhang Boxing spoke at the concluding ceremony on stepping up the building of socialist democracy and speeding up rural economic development. He said: On the basis of giving full scope to democracy and holding consultations between equals, this session has elected the province's deputies to the Seventh NPC and the provincial governor. This is a major affair in the political life of the province's people. This has been a very successful session. [passage omitted]

Zhang Boxing stressed that it is essential to give further scope to socialist democracy in the course of reform and opening up. Only thus can our cause of reform and opening up develop still more victoriously.

Executive chairman Li Lianbi presided at the closing ceremony.

The session's resolution on Comrade Hou Zongbin's report expressed approval of it. [passage omitted] The resolution pointed out: The agricultural issue is an extremely important issue related to the overall situation in socialist modernization and reforms. Shaanxi's agriculture currently lacks a strong foundation, its reserve strength is inadequate, and the production conditions are rather backward. Its development is not steady enough. The cadres at all levels and the masses throughout the province must regard strengthening agriculture and rural economic work as an extremely urgent strategic task and get a thoroughly good grasp of it.

The session stressed that the key to achieving the various tasks set out in the report lies in unifying understanding and working hard in implementation. The people's government at all levels must strengthen leadership, change their ideological concepts, transform their work style, and go deep into reality to investigate and study and formulate specific policies. [passage omitted]

Seventh Xinjiang People's Congress Meets

Reelects Chairman

OW300759 Beijing XINHUA in English 1532 GMT
28 Jan 88

[Text] Urumqi, January 28 (XINHUA)—Amudun Niyaz, 55, of Uygur nationality, was reelected chairman of the Standing Committee of the Xinjiang Uygur Autonomous Regional People's Congress today.

He was reelected by the first session of the seventh regional People's Congress.

The session also elected ten vice chairmen, of whom four are Uygurs.

Session Concludes

HK300211 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 29 Jan 88

[Excerpts] The first session of the seventh Xinjiang Regional People's Congress victoriously concluded this afternoon after completing all its agenda. [passage omitted]

The executive chairmen present today included Wang Enmao, Song Hanliang, Amudun Niyaz, Saifulaxiefu, Li Jiayu, and Yang Yiqing. [passage omitted]

In a speech, Regional Government Chairman Tomur Dawamat said that the government has decided to strive to do the following 10 good things for the people: 1) Increase agricultural investment to ensure steady agricultural growth; 2) rapidly develop animal husbandry production and strive to attain basic self-sufficiency in meat; 2) step up infrastructural construction in water

conservancy, communications, energy, raw materials, and so on, and improve enterprise economic returns; 4) develop new sources of revenue, increase revenue and economize expenditure, and strive for a further turn for the better in the financial situation; 5) improve the investment climate; 6) actively develop science and technology and education; 7) vigorously promote sports and strive for a transformation before the seventh national games; 8) strengthen literature and art work and invigorate creation; 9) consistently do a good job in nationality solidarity work and continually consolidate and develop the excellent situation of stability and unity; 10) strive to improve living standards on the basis of developing production, extricate everyone from poverty in 5 years, and ensure that the economy develops and living standards improve every year.

Regional Party Committee Secretary Song Hanliang also spoke. After congratulating the comrades elected at the session, he said that the newly elected leading members of the region's state power, administrative, and judicial and procuratorial organs shoulder a heavy task assigned them by history. The people of all nationalities in Xinjiang fervently hope that you will resolutely implement the line, principles, and policies formulated by the 13th National CPC Congress, do your work in an active and responsible way, serve the people wholeheartedly, and do all work in the region still better, making new contributions to building socialism with Chinese characteristics. [passage omitted]

This morning the session elected by secret ballot 59 deputies to the Seventh NPC, including Wang Zhen and Song Hanliang.

New Xinjiang CPPCC Leaders Elected 27 Jan
HK290829 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 27 Jan 88

[Excerpts] The First Session of the Sixth Xinjiang Autonomous Regional CPPCC Committee concluded this afternoon in the People's Assembly Hall in Urumqi after completing all its scheduled tasks. [passage omitted]

Attending today's plenary meeting of the first session of the sixth regional CPPCC Committee were Wang Enmao, vice chairman of the CPPCC National Committee and chairman of the autonomous regional Advisory Commission; as well as Song Hanliang, Tomur Dawamat, Amudun Niyaz, and Zhang Sixue, leading comrades from our autonomous regional organizations. They extended warm congratulations on the first session's complete success.

The session's plenary meeting was presided over by Ba Dai, executive chairman of the session. During the meeting, Ba Dai was elected chairman of the sixth autonomous regional CPPCC Committee; the following people were elected vice chairmen of the sixth autonomous regional CPPCC Committee: Fu Wen, (Meisi Maiti Ismail), Wang Shizhen, Kanbarhan Aimaiti, Tayier Maimaitili, Zhao Ganqing, (Ibulaji Rousi), (Diya Erku Masi), (Zhang Yi), Ga Wenxiang, (Maimaiti Niyahu Hari), and (Aluha Ati); (Quan Shushen) was elected secretary general of the sixth regional CPPCC Committee; and 84 people were elected Standing Committee members of the sixth regional CPPCC Committee. [passage omitted]

Yang Shangkun Urges Taiwanese To Visit PRC
*OW020802 Beijing XINHUA in English 0736 GMT
2 Feb 88*

[Text] Beijing, February 2 (XINHUA)—Chinese leader Yang Shangkun wants more Taiwan people to come to the mainland to share their views on state affairs.

Yang, vice-chairman of the Central Military Commission, stressed the need to promote mutual understanding of the people on both sides of the Taiwan Straits, which he said is due to limited contacts.

"First of all we should have a common understanding, that is, the mainland and Taiwan are sure to be reunified," he said in the Overseas Edition of today's "People's Daily." Without reunification, Taiwan can't hope to enjoy stability, he said.

His remarks were made at a recent meeting with Taiwan residents now living in the United States and were first reported in the latest issue of "Voice of Taiwan", a magazine published by Taiwan compatriots now living on the mainland.

Since Taiwan has many different organizations and political forces, Yang said, opinions naturally diverge but that should not prevent open dialogue.

He said the Kuomintang authorities are beginning to let Taiwan residents see what is actually happening on the mainland through sports and cultural exchanges including films, T.V. Programs, newspapers and publications.

Restrictions on travel to the mainland, on postal services and trade between the island and mainland are being relaxed gradually, moves which are "conducive to China's peaceful unification."

He said Taiwan residents who worry reunification will sell out of their interests are victims of a misunderstanding.

"When the Kuomintang agrees to discuss peaceful reunification, we will certainly respect the will and aspirations of the Taiwan people," he pledged.

He said the Chinese Communist Party wants a peaceful settlement that accords with the hopes and interests of the Taiwan people. "That is the starting point of our policy towards Taiwan," he said.

He felt living standards would rise not fall on the island with reunification.

The mainland is rich in natural resources which could be used to promote the sustained growth of Taiwan's economy, he said.

"We will never deprive the Taiwan people of their present interests, sacrifice them and reduce their living standards to those of underdeveloped areas in the mainland," he said.

Commentary on Li Nomination as KMT Chairman
OW011130 Taipei International Service in English
0200 GMT 29 Jan 88

[Station commentary: "The Kuomintang's New Party Chairman"]

[Text] A downbeats in the foreign media have all lost their faces today. Their facts have been off the mark as usual. They predicted, and in some case flatly stated, that President Li Teng-hui would not inherit the majority party chairmanship left vacant when President Chiang Ching-kuo passed away 13 January. So much for that prediction. Li was selected to chair the party on Wednesday. The pessimists out there were not just off the mark this time. They were on another planet looking down on Taiwan.

The FAR EASTERN ECONOMIC REVIEW was photostetting with this headline: "Certainly Unlikely To Win Party Leadership." In the story a REVIEW writer states that "to most older KMT members, it would be unthinkable for a native Taiwanese to serve as both president and KMT chairman." Unthinkable? Where did anyone get that idea? It turns out that Li was unanimously selected by the Central Committee of the KMT, made up mostly of party elders. And the REVIEW also reported that Premier Yu Kuo-hua was initiating a power struggle in the party to gain for himself the party chairmanship. It turns out that it was Yu who nominated Li.

The REVIEW was not the only news magazine that confused the bar room blabber with intelligent analysis of the political succession situation in Taipei. NEWS-WEEK and the other proverbial pessimists towards Taiwan also have their share of uncalled-for doubts

about President Li's status. The doomsayers in the media periodically stated a propensity for major disturbances, and so they wish their predictions they make upon the subject. [sentence as heard] They love a fight; a fight makes the news. If Premier Yu was not involved in a power struggle with President Li, never mind. They will print it anyway because that "story" is more exciting than simply reporting that Yu supports Li.

The week President Chiang passed away, news coverage about him was pretty much right on the mark. Press media around the world joined in eulogizing President Chiang as the "architect" of Taiwan's success story and as a man who left behind a "legacy" of progress and prosperity. But the coverage of his successor, President Li, more often led the world to negative things such as Li's ability to be more than a figurehead and his ability to control the powers that be in the party, military, and security organs. It was hip to be down [as heard] on the chances for political survival, though most media credited him with being a very intelligent and upright man. Such an assessment was uncalled for. Within days of assuming the presidency, Li received explicit messages of support from the military and from the public. A groundswell of support for him was also evident in the party rank and file. In time of difficulty, the KMT party elders have always been known to close ranks and solidify their support for a common cause.

The informed view was that President Li would be named party chairman at the appropriate time. But the informed view in this case does not form a theme for newspapers. That some in the media looked down on President Li's chances to become KMT chairman makes one thing clear: Now the media pessimists appear less liberal-minded than the KMT party elders who had Li in mind all along.

Hong Kong

CPC in Hong Kong Reportedly To Be Re-organized *HK020140 Hong Kong CHENG MING in Chinese No. 124, 1 Feb 88 p 11*

[Article from 'Reference News' column by Shang: "The CPC in Hong Kong Will Soon Be Reorganized"]

[Text] According to a report prevailing in senior cadre circles in Beijing, the CPC Central Committee has preliminarily decided to appoint Mao Junnian secretary of the CPC Working Committee in Hong Kong (or deputy secretary). But the appointment has not been officially announced. Mao, who graduated from Hong Kong University, is currently Deputy Director of the Hong Kong Branch of XINHUA NEWS AGENCY.

The CPC Central Committee has made the decision out of the need to making cadre contingent of the CPC in Hong Kong younger, and its localization.

It has also been reported that Xu Jiatun, Director of the Hong Kong Branch of XINHUA NEWS AGENCY, will leave his post soon. These two reports have shown that the CPC in Hong Kong will soon be reorganized.

Li Peng Meets With Hong Kong Figures *HK020121 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 3, 18 Jan 88 pp 3-4*

[Article by Niu Zhengwu (3662 2973 2976): "Develop Hong Kong's Role As International Market, Promote the Development of an Export-Oriented Economy Along China's Coast—Sidelights of Li Peng's Meeting with Hong Kong's Well-known Personalities"]

[Text] As the New Year began, Acting Premier of the State Council Li Peng came to the Delta of the Pearl River and the Shenzhen Special Zone on an inspection trip to study the problem of developing an externally oriented economy. On the afternoon of 2 January, Li Peng met at a Shenzhen hotel with well-known Hong Kong figures T.K. Ann, Henry Fok and Cha Chi Ming, seeking their views on trends in the development of the world economy in the new year, how to develop an externally oriented economy in China's coastal areas, and other problems. Originally included among those to be interviewed were Li Ka-shing, Y. K. Bao, and other well-known figures. But they had traveled abroad and could not show up. Present at the interview were Xu Jiatun, Director of the Hong Kong Branch of the XINHUA NEWS AGENCY, Li Hou, Deputy Director of the Hong Kong-Macao Affairs Office of the State Council, Kuang Ji, Vice Governor of Guangdong Province, Li Hao, Secretary of Shenzhen City Party Committee and Mayor of Shenzhen, and others.

Everyone talked cordially and freely. The common conclusion reached is that we should cement Hong Kong's economic ties with inland areas, give full play to Hong

Kong's role as an international market and stimulate an externally oriented economy in the Delta of the Pearl River, special zones, and other coastal areas.

Outlook for 1988 Optimistic [subhead]

Li Peng: How is the Hong Kong stock market?

T.K. Ann: There have been some fluctuations in the Hong Kong stock market due to world market effects. But the fluctuations are not big.

Li Peng: Recently, Comrade Huan Xiang talked about an economic recession in the world and the poor sales of high-grade consumer goods, with the sales of lower-middle-grade consumer goods still relatively satisfactory. What are conditions in Hong Kong like?

Cha Chi Ming: As far as local sales are concerned, conditions are not bad.

Li Peng: Mr. Fok, what is your opinion? What will be the impact of the world economy on Hong Kong?

Henry Fok: As things now stand, the economic situation in Hong Kong should be considered favorable. There are ups and downs in the stock market. But the trend is still up. It still pays for people to buy stocks.

T. K. Ann: Some banks like to have things this way: There are ups and downs, with prices rising and falling.

Li Peng: How is the processing industry, as far as orders are concerned? Given fewer orders, what will be the effects on the Delta of the Pearl River?

Cha Chi Ming: The situation in the Delta of the Pearl River is now like that of Hong Kong 20 years ago. Things have got off to quite a good start. Given an unusually flourishing industry, there is no worry about orders. The only fear is that we cannot take care of things.

Li Peng: A world economic recession will affect demand for high-grade commodities. Sales of lower-middle grades will not suffer. The Delta of the Pearl River does not need to worry about business, "with all factors considered." Labor is relatively cheap in the Delta area. The cost of products is low. Combined with Hong Kong, an international market, it has competitive power.

T. K. Ann: The margin of profit for Hong Kong is the price difference in raw materials and the cost of production.

The Situation in the Pearl River Delta Is Gratifying [subhead]

Xu Jiatun: The upsurge in the diversion of processing orders from Hong Kong to the Pearl River Delta started in the second half of the year before last. Now this momentum is still developing.

Cha Chi Ming: The leadership of the Pearl River Delta takes a relatively flexible approach toward trading, with simple procedures involved. The investment environment is good. It can be said that it is a real case of opening up.

T. K. Ann: The Pearl River Delta has been relatively quick to accept advanced technology and absorb new things from outside. There is also a favorable condition for the Delta's involvement with processing on the basis of supplied materials. It is that in Hong Kong, there are natives of the Delta. Natives mix relatively well among themselves. Terms can be easily arranged. Given suitable items for processing, there can be instant success. A quick switchover in production can also be made.

Cha Chi Ming: Now there are several millions of people in the manufacturing industry of the Pearl River Delta. The manufacturing industry of Hong Kong has less than one million people—a number still likely to drop. In future, there will be more agency, financial, transportation, insurance, and other businesses in Hong Kong, with no expansion of the manufacturing industry.

T. K. Ann: If Hong Kong itself has no industry, it is also still a problem of where to place 800,000 people. But many processing industries now operating in Hong Kong can hardly carry on. Therefore, some have moved over to the Delta. Hong Kong's toys are in great part processed in the Delta area. The Pearl River Delta has a particularly large number of factories working on toys. The relationship between Hong Kong and the Delta is that between a sales department and a factory, with Hong Kong as the sales department and the Delta as the factory. New products are developed in Hong Kong and sales are also promoted in Hong Kong. With a market developed and large quantities in demand, processing is done in the Delta.

Li Peng: We have labor and energy. These two factors provide favorable conditions.

Cha Chi Ming: The future problem is how Hong Kong will properly cooperate with the Pearl River Delta. Hong Kong cannot do without a manufacturing industry. That day we said jokingly that "four little tigers" had emerged in the Pearl River Delta. Well, do not let the "four little tigers" swallow up the "four little dragons" (laughter all round).

Li Peng: Which are those "four little tigers?"

Kuang Ji: Shunde, Nanhai, Zhongshan and Dongguan. Actually, Baoan should also be added to the list.

Cha Chi Ming: Therefore, to develop a market, there must be a sales department. Only with a sales department with easy access to the outside world can foreign customers be obtained. In the future, Hong Kong must closely cooperate with the Pearl River Delta and give full play to their respective superior features. There will be still greater economic development for both areas.

Other Coastal Areas Must Actively Create Conditions [subhead]

Li Peng: Can the trend of processing on the basis of provided materials be extended to Shanghai and Jiangsu? The quality of the workers in Jiangsu, Zhejiang and the neighboring areas is not lower than here!

Cha Chi Ming: Their quality is not bad and even better than in the Pearl River Delta. But other conditions do not compare favorably. There are relatively great restrictions.

Xu Jiatun: A Pearl River Delta town head can clinch a deal to the value of 5 million yuan. This actually means that they also have the courage to decide on a transaction amounting to as much as 10 million yuan. Outside of the second line, procedures are much simpler than in special zones. Procedures in Baoan are simpler than those in Shenzhen. Expenses are also less prohibitive. Therefore, the processing industry has developed at a particularly quick pace.

Kuang Ji: Baoan County can most conveniently "draw on supplementary labor." With an inadequate supply of workers, it can easily recruit them from other provinces.

Li Peng: Are procedures in Jiangsu, Zhejiang and the neighboring areas relatively complicated?

Xu Jiatun: It is not just Zhejiang. The same is true of inland areas. There are lots of links involved. Several years ago, I took seven or eight well-known Hong Kong entrepreneurs to Jiangsu and Shanghai on an inspection tour. Their general impression was that hotel accommodations were presentable but communications facilities were disappointing. People were too sophisticated and procedures were relatively complicated. They considered that Jiangsu, especially Shanghai, is relatively strong technically and has given strength in regard to high technology and not so advanced technology. But other conditions are not good. An investment environment has yet to be created.

Li Peng: It is said that communications facilities are relatively good in Shanghai!

Cha Chi Ming: Communications facilities in Shanghai are presentable. There is a relatively large number of air flights. There is a port. But Jiangsu still falls short of expectations. Things should have been made easier for a trip from Nanjing to Shanghai.

Li Peng: It seems that a lot remains to be done for Jiangsu, Zhejiang, Shanghai and the neighboring areas when it comes to developing an externally oriented economy. Many conditions have yet to be created. Thanks to everyone. It is hoped that people in Hong Kong economic circles will make a contribution to the development of an externally oriented economy in the coastal areas of our country.

Editorial on U.S. 'Protectionist Concessions'
HK020523 Hong Kong HONGKONG STANDARD in English 2 Feb 88 p 12

[Editorial: "As Reagan Bows Out, Our Industrialists Must Stay on Their Toes"]

[Text] While preaching free trade, the Reagan administration has made protectionist concessions to a number of powerful domestic industries, from steel and lumber to semi-conductors. But its piecemeal approach, aimed at slaking demand for trade restraints, might instead have increased it.

With an American trade deficit running at record rates, and showing few signs of narrowing despite the fall of the U.S. dollar, nearly all domestic industries are vulnerable to foreign competition. Democrats who are making trade a central issue in the ongoing U.S. presidential election campaign and now control both houses of the U.S. Congress are being encouraged by political influential American businessmen insistent upon retaliation against what they see as unfair protectionist practices by other nations.

Many international analysts believe the President, whose popularity and credibility have been hurt by the controversy over arms sales to Iran and the diversion of the profits to the Nicaraguan rebels, may be less able to check the creeping protectionism, however much he may want to do so. Indeed, in his farewell State of the Union message, Mr Reagan declared that "protectionism is destructionism." But the pressure for new trade barriers remains. American trade unions, for example, are bound to favour restrictive measures in cases where their own members' jobs are concerned. It is not a matter for wonder that the new strength of protectionism in the United States is concentrated among members of the Democratic party, one-time champions of free trade, as it is in their ranks that trade union influences are strongest.

Nor should we have been surprised when a leading Democrat, Senator Lloyd Bentsen, chairman of the Senate Finance Committee, warned some weeks ago that the U.S. might reexamine its generalised system of preferences (GSP) with Hong Kong. The GSP is a programme that eliminates duties on a range of products imported into the United States from developing countries (LDCs). Its intent is to assist LDC economic development by promoting trade rather than aid. By eliminating

U.S. import duties on about 3,000 product categories, the GSP is designed to make LDC products more competitive in the American market. Sadly, however, Senator Bentsen's prediction came true over the weekend when the Reagan administration removed Hong Kong from the GSP.

There was certainly nothing in this announcement to send the masses singing and dancing in the streets. At the same time, however, it has not been greeted as a major calamity. Some analysts have pointed out that only about 15 percent of the territory's exports to the U.S. benefited from the GSP. Others have expressed disappointment that such action should have been taken by the allegedly anti-protectionist Reagan administration. But a number of U.S. economists already characterise the Reagan years as the most protectionist of the post-war period. Of the U.S.\$360 billion in goods that the United States imported covered by some kind of special protection. In 1980 the figure was 12 percent; in 1975, eight percent.

Other experts, however, take a different view. The statistics are fine, they say; the conclusion is not. Imagine a voluntary export restraint that fails to protect, so that imports continue to increase in response to market forces. One would conclude that protection had increased whereas the opposite was true: protection had failed to bite. Several academic studies now indicate the U.S. protectionist voluntary export restraints on specific exporting countries are indeed leaky buckets, permitting avoidance through shifting to third-market exporters and substituting products not covered by the restraints. While the protection is porous, it also gets terminated from time to time. Thus, U.S. footwear restraints were terminated in 1981, and automobile restraints in 1985, both by the Reagan administration.

The theory expounded by these economists is that erroneous analysis, suggesting a massive outbreak of protection in the United States since 1980, can only feed the pessimism that many developing countries feel about the prospects for continued access to the markets of the United States and other developed countries, encouraging their return to inefficient, inward-looking development strategies. It can also, the analysts warn, imperil progress at regular multi-lateral trade talks, such as those held at Punta del Este last summer. Few developing countries can be expected to make U.S. access concessions to their own markets in such new sectors as services if they judge U.S. protectionism to be out of bounds and the Reagan administration to have failed so miserably in containing it even in years of glory and power.

The truth is, however, that the incumbent U.S. administration's years of glory and power are over. And the message to industrialists here is: keep on your toes. The U.S. President who succeeds Mr Reagan may well be a Democrat. And bi-lateral relations with our major trading partner may take a turn for the worse.

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